

**REGISTERED COMPANY NUMBER 07848783 (England and Wales)
EXEMPT CHARITY**

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2013

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 2013

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THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST AUGUST 2013

Trustees	Sir Ewan W Harper CBE (appointed 28 September 2012) - Chairman J E Kane (appointed 28 September 2012) D E Laing E C Mbakwe Dr R D Townsend
Chief Executive Officer	J E Kane - Director of Finance
Executive Team	K August - Director of Education (resigned 30 October 2013) Dr A Wallace - Director of ICT Research & Development M Langford - Director of Communications E Rowe - Executive Director to the CEO J Cathcart - Director of Education (appointed 1 November 2013)
Principal and Registered office	Fellowship House 23-25 Chapel Street Titchmarsh Kettering Northamptonshire NN14 3DA
Company Registration Number	07848783 (England and Wales)
Independent Auditor	Smith Hodge & Baxter Chartered Accountants & Statutory Auditors Thorpe House 93 Headlands Kettering Northamptonshire NN15 6BL
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
Bankers	Barclays Bank plc PO Box 885 Matlock House Histon Cambridge CB24 9DE

TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2013

The Trustees present their report together with the financial statements and auditors' report of the charitable company for the year ended 31st August 2013. The report has been prepared in accordance with the Charities Act 2011.

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 Trustees of The Education Fellowship Trust are also Directors of the charitable company for the purposes of company law.

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 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 business.

Principal activities

The MAT's principal activity, as set out in its articles of association and funding agreement is to advance, for the public benefit, education in the United Kingdom through managing schools offering a broad curriculum with emphasis on particular specialisms.

Method of recruitment and appointment or election of new Trustees.

The MAT is governed by three to five Trustees. If a vacancy should occur on the Board of Trustees a meeting is then held to discuss possible suitable candidates as permitted by the Articles of Association. Following a discussion and vote, the Board would then appoint a new member. The term of office is for an undetermined length of time and can be terminated with agreement of the Trustees should the officers request it.

In addition, under the Master Funding Agreement 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 a full time Chief Executive Officer who has been appointed by the Trustees. The Chief Executive Officer is assisted by the Executive Team, an experienced team comprising of five full time staff. The Chairman assists the Chief Executive Officer in a line management role with the remaining Trustees playing a vital role in the development of strategy for the MAT.

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have a risk management strategy which comprises;

- (a) An annual review of the risks the MAT may face.
- (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.

It is acknowledged that operational and financial risks exist and the Trustees take appropriate steps to mitigate these within the financial constraints imposed by available funds.

Subsidiary

The MAT owns 100% of the issued share capital of The Education Fellowship Trading Limited, a dormant company incorporated in England and Wales.

Connected organisations including related party relationships

The Trustees 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 Directors
The Education Fellowship Limited	-	common Directors, Academy Sponsor and sole member of The Education Fellowship Trust
The Education Fellowship Trading Limited	-	Dormant subsidiary of The Education Fellowship Trust
The David Laing Foundation	-	a common Trustee
The Kirby Laing Foundation	-	a common Trustee

During the previous period Sir Ewan W Harper and J E Kane spent a considerable amount of time and energy setting up the MAT. They donated this time as a freely given gift and the value of this time was agreed as measurable and totaled £220,000 in aggregate for the period ended 31 August 2012.

OBJECTIVES AND ACTIVITIES

Objectives 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;
 - Courage to stand up for what we believe in.
 - Respecting others.
 - Having fun and a good quality of life.
 - Honesty and integrity.
 - Humility, compassion and concern for others.
 - Tolerance and forgiveness
 - Confidence to lead
 - Kindness

Academy Mission

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

Main objectives

The main objectives of 2013 were to continue to advance the education of the students, which is a principal aim and priority of the MAT.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

OBJECTIVES AND ACTIVITIES (continued)

Strategies for achieving objectives

- The MAT has been working closely with the Education Funding Agency and the Secretary of State for Education to identify and convert local authority maintained secondary and primary schools to Academy status.
- The Trustees expect to be managing around 15 academies during the year ending 31st August 2014 and there are further plans to grow and include additional academies as time progresses;
- The Trustees have engaged the services of leading educational and ICT specialists to the Executive Team to assist the Chief Executive Officer;
- The Trustees are working closely with grant giving foundations to source additional funds, outside the General Annual Grant provided for each academy, to enhance the resources available to the MAT as it manages new academies.

Details of significant activities and a review of charitable activities undertaken by the MAT

The MAT has successfully raised funding from the Education Funding Agency and the Department for Education for the work involved in setting up this multi academy trust. The Education Fellowship Trading Limited was incorporated to manage, control and record the non-educational trading activities of the MAT in October 2012. It is anticipated that this subsidiary company will commence trading in the year ending 31 August 2014.

Master Funding Agreements have been negotiated and approved with the Department for Education and, starting from 1 October 2012, the following schools converted at the dates entered below. Details of their conversion are set out in Note 3.

These include:

Desborough School, Maidenhead	- 1 October 2012
Ruskin Junior School, Wellingborough	- 1 November 2012
Warwick Primary School, Wellingborough	- 1 November 2012
Blackthorn Primary School, Northampton	- 1 December 2012
Rushden Community College, Rushden	- 1 December 2012
The Clarendon College, Trowbridge	- 1 December 2012
Pembroke Park Primary School, Salisbury	- 1 April 2013
Thorplands Primary School, Northampton	- 1 April 2013
Olympic Primary School, Wellingborough	- 1 May 2013
Windmill Primary School, Raunds	- 1 May 2013
Newton Road Primary School, Rushden	- 1 June 2013
(subsequently changed its name to Risdene Academy)	

After the year end, Wrenn School, Wellingborough converted to academy status on 1 September 2013 and four further schools are considering joining the MAT.

The MAT continues to build on the excellent reputation of its Executive Team and will be expecting this to include a specialist in charity fund-raising, school finance management, education outcome improvement and project management.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning the future activities.

ACHIEVEMENT AND PERFORMANCE

This year represents the first year of the MAT acquiring academies; all of our academies having been with us during this period of time for less than 12 months.

When Sir Ewan W Harper and J E Kane founded The Education Fellowship they were motivated by one single objective: to enable all those children who came to our schools and academies to receive an outstanding education.

We believe that every child has a right to aspire and to learn and should be encouraged to do so to the limits of their ability. We don't necessarily know what those limits are and therefore a good school is always widening its horizons so that all those within it, adults as well as students, grow in each other's company. An important part of this education is the learning of values and the behaviours which come from them so that these become the foundation of the standards each one of us will hold throughout our lives. They help to build our character and enable us to take into our careers, families and communities all that is needed for a happy and fulfilling life.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

ACHIEVEMENT AND PERFORMANCE (continued)

The MAT's values reflect the way we partner with our schools, minimising central control and avoiding unnecessary bureaucracy. Instead, we work alongside schools to provide the right support locally enabling them to grow in a sustainable way but without the MAT abdicating their responsibilities for good governance and outcomes

After 12 months in existence, we have recently re-structured our organisation in order to meet the demands of expanding in order to create sustainability. Our strong executive team now provide the skills and leadership required to take our schools forward in their journey to reach outstanding. The structure and role profiles are designed for growth, financial security and sustainability. Focus is on leadership, school improvement, curriculum development, quality of teaching and learning, disadvantaged children (including pupil premium), developing the potential of every child, preparing them for work or higher education, enrichment and ensuring a secure environment through exemplary safeguarding.

Co-ownership is central to our philosophy and is at the heart of our fellowship forums within each academy. We are receiving advice and support from The John Lewis Partnership (JLP), famed for its highly-developed and sustainable co-ownership model and we have designed our democratic structures on similar lines. Every constituency of the academy community – all ages of students and all sectors of the staff – is represented in the academy's fellowship forum following elections in the new school year. This develops democratic engagement of staff and students to a level which we believe goes beyond that in any other school and helps our students to learn about leadership and collaboration.

We believe that each Academy Fellowship Forum is transformational in its impact on education in our academies. It is key to pursuing excellence in every area of our school in a similar way to how co-ownership is key to the success of the JLP in the business world. It is vital part of embedding our values throughout the schools. Each fellowship forum is committed to making the MAT the very best place to work and in which to learn in its locality.

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

In Desborough College (converted to a MAT academy in October 2012) we have installed a new headteacher, made links with Radley College, brought in new teachers and established individual monthly pupil progress, all resulting in a rapid increase in exam results.

We monitor our individual school improvement with monthly stock takes, monthly reconciliation of our financial accounts and 3-monthly reviews with each academy to gauge, monitor and target its journey towards outstanding.

We are currently producing a manual for all our schools that will develop a clear understanding for our Heads on what is an outstanding academy Head to enable them through directorship to create outstanding and sustainable schools.

Based on our financial governance and executive structure, we are confident that we have the framework, ability and financial governance to operate as a going concern. We have an expectation that the academy trust has adequate financial funds to continue in the future. For this reason it continues to adopt the going concern for financial return.

As the MAT continues to develop we will monitor our key performance indicators which encompass both educational and welfare performance together with financial control and strength.

Fundraising Activities

The MAT continues to perform strongly in respect to securing funding for capital and other projects.

In the last accounting period, the MAT secured £150,000 from the UK Government to cover set up expenditure.

In the current year, the Kirby Laing Foundation provided £110,000 and further grants have been applied for through various trusts and charity organisations.

In addition, Start-up Grants, amounting to £805,000 in respect of the converting academies who join the MAT were received from the Education Funding Agency. In the forthcoming year, further such funds are expected.

GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the MAT has adequate resources to continue in operational existence for the foreseeable future. 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 (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

FINANCIAL REVIEW

Financial report for the year

Most of the MAT's income is obtained from the Education Funding Agency (EFA)/Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA/DfE during the year ended 31 August 2013 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 EFA/DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting Activities by Charities' (SORP 2005), 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 2013, total revenue expenditure was £19.3 million and total incoming funds from the DfE and other sources were £103.4 million, including net assets transferred from Local Authorities of £83.1 million.

At 31st August 2013 the net book value of tangible fixed assets was £85.3 million and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were exclusively for providing education and the associated support services to the pupils of the MAT.

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 £4.2 million at 31 August 2013. 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 has healthy cash balances and is able to pay its suppliers in accordance with agreed credit terms. Therefore credit risk is considered to be low.
- Cash flow and liquidity risks - Due to the cash flow profile of funding received from the Education Funding Agency, the cash flow and liquidity risks of the MAT are considered to be low.

Reserves policy

The Trustees review the reserve levels of 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.

In the previous period, the Trustees had an aspiration to hold an unrestricted reserve fund of between £100,000 and £200,000, representing between three months and six months of charitable expenditure for the Head Office function, to cover any eventuality.

TRUSTEE' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

FINANCIAL REVIEW (continued)

Reserves policy (continued)

For the current period, given the rapid expansion and conversion of schools to academies, the Trustees have re-reviewed the reserves of the MAT to ensure they are sufficient for future activities and the investments needed to improve the academies within the group.

The Trustees have determined that, at the current time, with the uncertainty over school funding levels, it is prudent to carry a larger level of reserves than in the previous period. The MAT's current level of free reserves (total funds less amounts held in restricted funds and amounts held as fixed assets) is £2.0 million.

Tangible fixed assets are all held for use by all existing academies. The purpose of the restricted funds is set out in Note 21.

The deficit for 2012, on both restricted and unrestricted reserves, arose from the substantial initial costs of setting up The Education Fellowship Trust as a multi academy trust. Those costs were covered from start-up grants and voluntary donations amounting to £805,000 and £110,000 respectively that were received in this accounting period. In addition, a Start-up Grant of £195,000 was received in 2012 but deferred to 2012/13 in accordance with the Education Funding Agency funding agreement.

Principal funding sources

In the year, the General Annual Grant has been the principal funding source along with other DfE grants as well as Local Authority grants although there were other voluntary donations received for unrestricted purposes which were very welcome.

Financial position

The Academy Trust held fund balances at 31 August 2013 of £83.7 million, comprising £81.7 million of restricted funds and £2.0 million of unrestricted funds. The restricted pension reserve is currently in deficit of £4.2 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.

Investment policy

The Academy Trust does not hold any investments other than cash at bank.

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.

PLANS FOR FUTURE PERIODS

Plans for the future include:

- converting further local authority schools to academy status;
- strengthening the Executive Team;
- raising capital funds from grant giving charities;
- deepening the enrichment of education of each academy.

EMPLOYEES

Disabled employees

Lofts, 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.

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.

TRUSTEE' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

EMPLOYEES (continued)

Employee involvement

The MAT encourages a culture of ownership among all its employees, promoting shared aims, objectives, values, aspirations and outcomes for the benefit of all. A system of meetings with staff at each academy has been established to consider any employee concerns.

AUDITOR

Smith Hodge & Baxter are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
Fellowship House
23-25 Chapel Street
Titchmarsh
Kettering
Northamptonshire
NN14 3DA

Signed on behalf of the Trustees

Sir Ewan W Harper CBE
Chair of Trustees

9 December 2013

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013

GOVERNANCE STATEMENT

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:

	Meetings attended	Out of a Possible
Sir Ewan W Harper	8	9
J E Kane	9	9
D E Laing	7	9
Dr R D Townsend	9	9
E C Mbakwe	7	9

Chief Executive Officer

At 1 September 2012, Sir Ewan W Harper and J E Kane were joint Chief Executive Officers. During the year they were both appointed as Trustees and Sir Ewan W Harper became Chairman and Mr J E Kane became sole Chief Executive Officer.

Sub committees

The Trustees have the following sub-committees which report to the main Board of Trustees on a regular basis.

The Executive Team

The team is made up from:

J E Kane	- CEO, Director of Finance and Trustee
K August	- Director of Education (retired 30 October 2013)
Dr A Wallace	- Director of ICT Research and Development
M Langford	- Director of Communications
E Rowe	- Executive Director to the CEO
J Cathcart	- Director of Education (appointed 1 November 2013)

The Executive Team met 12 times during the year and all members attend all the meetings.

The main role and responsibility of the Executive Team is the strategic direction and management of the MAT.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

The Finance and Audit Committee (FAC)

The FAC is made up of the following members:

J E Kane	- CEO, Director of Finance and Trustee
D E Laing	- Trustee
S Robinson	- School finance manager
E Rowe	- Executive Director to the CEO

The FAC was formally empowered by Resolution of the Board of Trustees and will consider matters relating to internal and external auditors, and report directly to the Board. The first meeting is to be held in December 2013.

The main responsibilities of the FAC are:

- Advising the Trustees on the adequacy and effectiveness of the Academy Trust's systems of internal control and its arrangements for risk management, control, governance processes, and ensuring excellent value for money;
- Advising the Board on the appointment, reappointment, dismissal and remuneration of auditors;
- Monitoring the effectiveness of auditors, including the use of auditor performance indicators;
- Ensuring effective coordination between auditors;
- Ensuring that additional services undertaken by the auditors are compatible with audit independence and objectivity;
- Agreeing the work programme of internal audit including the checking of financial controls, systems, transactions and risks;
- Considering the reports of the auditors and, when appropriate, report and advise the Board of material controls issues;
- Monitoring the implementation of agreed audit recommendations;
- Ensuring that all allegations of fraud and irregularity are appropriately investigated and controls weaknesses addressed;
- Recommending the annual financial statements to the Board for approval;
- Reviewing the committee's membership and effectiveness on an annual basis to ensure that it has the appropriate skills and relevant experience.

The Development Board (DB)

The DB is made up of the following members:

Sir Ewan W Harper	- Chairman and Trustee
Dr R D Townsend	- Trustee
J E Kane	- CEO, Director of Finance and Trustee

The DB was established on the 4th July 2013 and has an overarching role to consider the strategy for developing the MAT, building relationships across government, education and business. The DB will commence meetings in the year ending 31st August 2014.

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 MAT 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 year ended 31 August 2013 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 MAT 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 MAT's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013

The Risk and Control Framework

The MAT'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.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr J E Kane, Chief Executive Officer, Director of Finance and a Trustee, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the MAT's financial systems. The RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

As the MAT is in its infancy with schools only joining in this financial period the accounting procedures and controls are in the process of being adopted and developed at a number of schools. The schools have been and continue to be supported by suitably qualified head office staff and an independent firm of chartered accountants. There are no material weaknesses which have been identified by the RO.

Review of Effectiveness

As accounting officer, J E Kane has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- his work as Responsible Officer
- the work of an independent firm of chartered accountants;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Executive 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 reviews of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2013 and signed on its behalf by:

Sir Ewan W Harper CBE
Chair of Trustees

J E Kane
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31ST AUGUST 2013**

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

J E Kane
Accounting Officer

9 December 2013

**STATEMENT OF TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013**

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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 9 December 2013 and signed on its behalf by:

Sir Ewan W Harper
Chair of Trustees

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF THE EDUCATION FELLOWSHIP TRUST
FOR THE YEAR ENDED 31ST AUGUST 2013**

We have audited the financial statements of The Education Fellowship Trust for the year ended 31st August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31st August 2013, 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 and the Annual Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

16 December 2013

**INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY
TO THE EDUCATION FELLOWSHIP TRUST AND THE EDUCATION FUNDING AGENCY
FOR THE YEAR ENDED 31ST AUGUST 2013**

In accordance with the terms of our engagement letter dated 25th October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, 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 year ended 31st August 2013 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 the EFA 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Education Fellowship Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Education Fellowship Trust accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Education Fellowship Trust funding agreements with the Secretary of State for Education dated 8th October 2012 and 28th March 2013 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. 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 year ended 31st August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion is as set out in our engagement letter.

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 year ended 31st August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

16 December 2013

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2013

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

		Restricted					
		Unrestricted	Restricted Pension	Restricted General	Fixed Asset	Total	Total
	Notes	Funds	Reserve	Funds	Funds	2013	2012
		£000s	£000s	£000s	£000s	£000s	£000s
INCOMING/(OUTGOING) RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	153	-	-	-	153	374
Voluntary income - transfer of academies into the academy trust	3	1,436	(3,705)	91	85,255	83,077	-
Activities for generating funds	4	482	-	497	-	979	-
Investment income	5	37	-	-	-	37	-
Other income	6	2	-	-	-	2	-
Incoming resources from charitable activities							
Funding for the Academy's educational operations	7	-	-	18,567	569	19,136	-
Total incoming/(outgoing) resources		<u>2,110</u>	<u>(3,705)</u>	<u>19,155</u>	<u>85,824</u>	<u>103,384</u>	<u>374</u>
RESOURCES EXPENDED							
Costs of generating funds							
Costs of generating voluntary income	9	41	-	248	-	289	-
Charitable activities							
Academy's educational operations	10	-	-	18,136	595	18,731	437
Governance costs	11	14	-	256	-	270	17
Total resources expended	8	<u>55</u>	<u>-</u>	<u>18,640</u>	<u>595</u>	<u>19,290</u>	<u>454</u>
Net incoming/(outgoing) resources before transfers		2,055	(3,705)	515	85,229	84,094	(80)
Gross transfers between funds		<u>(23)</u>	<u>(115)</u>	<u>115</u>	<u>23</u>	<u>-</u>	<u>-</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR		2,032	(3,820)	630	85,252	84,094	(80)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes		-	(348)	-	-	(348)	-
Net movement in funds		2,032	(4,168)	630	85,252	83,746	(80)
RECONCILIATION OF FUNDS							
Funds brought forward at 1 September 2012		(14)	-	(66)	-	(80)	-
Funds carried forward at 31 August 2013	21	<u>2,018</u>	<u>(4,168)</u>	<u>564</u>	<u>85,252</u>	<u>83,666</u>	<u>(80)</u>

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes form part of the financial statements

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

BALANCE SHEET AT 31ST AUGUST 2013

		2013	2012
	Notes	£000s	£000s
FIXED ASSETS			
Tangible assets	16	85,252	8
Investments	17	-	-
		<hr/>	<hr/>
		85,252	8
CURRENT ASSETS			
Stocks	18	7	-
Debtors	19	1,467	7
Cash at bank and in hand		3,562	243
		<hr/>	<hr/>
		5,036	250
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	20	2,454	338
		<hr/>	<hr/>
NET CURRENT ASSETS		2,582	(88)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES/NET ASSETS EXCLUDING PENSION LIABILITY		87,834	(80)
PENSION SCHEME LIABILITY	29	(4,168)	-
		<hr/>	<hr/>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		83,666	(80)
		<hr/> <hr/>	<hr/> <hr/>
FUNDS OF THE ACADEMY	21		
Restricted funds:			
Fixed asset fund		85,252	-
General fund		564	(66)
Pension reserve		(4,168)	-
		<hr/>	<hr/>
Total restricted fund		81,648	(66)
Unrestricted funds:			
General fund		2,018	(14)
		<hr/>	<hr/>
Total unrestricted funds		2,018	(14)
		<hr/>	<hr/>
TOTAL FUNDS		83,666	(80)
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 16 to 36 were approved by the Board of Trustees and authorised for issue on 9 December 2013 and are signed on their behalf by:

Sir Ewan W Harper
Chairman of Trustees

J E Kane
CEO and Director of Finance

The notes form part of these financial statements

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013

	Notes	<u>2013</u> <u>£000s</u>	<u>2012</u> <u>£000s</u>
Net cash inflow/(outflow) from operating activities	23	1,770	252
Returns on investment and servicing of finance	24	37	-
Capital expenditure and financial investment	25	(15)	(9)
Cash transferred from academies transferring into the academy trust	3	1,527	-
		<hr/>	<hr/>
Increase in cash in the period	26	3,319	243
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movements in net funds			
Net funds at 1st September 2012		243	-
Increase in cash in the year		3,319	243
		<hr/>	<hr/>
Net funds at 31st August 2013	26	3,562	243
		<hr/> <hr/>	<hr/> <hr/>

All of the Academy's cash flows derive from acquired operations during the above two financial periods.

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies which have been applied consistently, except where noted, is set out below.

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 cause significant doubts on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

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. The charitable company is a parent company subject to the small companies regime. The Charitable Company and its subsidiary company comprise a small group. The charitable company is therefore not required to, and has not chosen to, prepare group accounts.

Incoming Resources

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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 is certainty of receipt and the amount can be reliably measured.

- **Other income**

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

- **Donated services and gifts in kind**

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

The Academy Trust has entered into 125 year leases with Berkshire, Northamptonshire and Wiltshire County Councils 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.

Resources Expended

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

- **Costs of generating funds**

These are costs incurred in association with attracting voluntary income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES (continued)
Resources Expended (continued)

- **Charitable activities**
These are costs incurred on the Academy Trust's educational operations.
- **Governance costs**
These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Long leasehold land and buildings	over the period of the 125 year lease
Fixtures and fittings	20% straight line
Motor vehicles	33% straight line
ICT equipment	33% straight line

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

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.

Investments

The Academy Trust's shareholding in the wholly owned subsidiary The Education Fellowship Trading Limited is 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 applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the least term.

Stocks

Unused stationery and catering stores 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

1. ACCOUNTING POLICIES (continued)

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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in Note 29, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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 the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

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

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

Deferred income

Income received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the Charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

Conversion of schools to academy status

The conversion from state maintained schools to a multi academy trust involves the transfer of identifiable assets and liabilities and the operations of the schools for nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the schools to the multi academy trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Education Fellowship Trust. The amounts have been recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds, restricted pension reserve funds and restricted fixed asset funds. Further details of the transaction are set out in the note 3.

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

2. VOLUNTARY INCOME	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012 £000s
Donations				
Corporate and individual donations	43	-	43	-
The Education Fellowship Foundation	-	-	-	4
The Kirby Laing Foundation	110	-	110	-
Donated time	-	-	-	220
Grants receivable				
EFA grants for set up cost	-	-	-	150
	153	-	153	374
	153	-	153	374

3. TRANSFER OF ACADEMIES INTO THE ACADEMY TRUST

During the year, the following schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Education Fellowship Trust from their Local Authority for £nil consideration.

School	Date	Local Authority
Desborough School, Maidenhead	1 October 2012	Windsor and Maidenhead
Ruskin Junior School, Wellingborough	1 November 2012	Northampton
Warwick Primary School, Wellingborough	1 November 2012	Northampton
Blackthorn Primary School, Northampton	1 December 2012	Northampton
Rushden Community College, Rushden	1 December 2012	Northampton
The Clarendon College, Trowbridge	1 December 2012	Wiltshire
Pembroke Park Primary School, Salisbury	1 April 2013	Wiltshire
Thorplands Primary School, Northampton	1 April 2013	Northampton
Olympic Primary School, Wellingborough	1 May 2013	Northampton
Windmill Primary School, Raunds	1 May 2013	Northampton
Newton Road Primary School, Rushden (subsequently changed its name to Risdene Academy)	1 June 2013	Northampton

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources/resources expended, as applicable, in the Statement of Financial Activities as voluntary income/other resources expended, as relevant.

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

	Unrestricted funds £000s	Restricted Pension reserve £000s	Restricted General Funds £000s	Restricted Fixed Asset funds £000s	Total £000s
Tangible fixed assets					
Freehold & leasehold land and buildings	-	-	-	85,255	85,255
Budget surplus from LA	1,436	-	-	-	1,436
Other funds from predecessor schools	-	-	91	-	91
LGPS deficit	-	(3,705)	-	-	(3,705)
	1,436	(3,705)	91	85,255	83,077
Net assets	1,436	(3,705)	91	85,255	83,077

The above net assets include £1,527,029 that were transferred as cash.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2013 £000s	Total Funds 2012 £000s
Venue hire and lettings	97	-	97	-
Other rent	3	-	3	-
Educational material and exam fees	-	32	32	-
Catering income	-	49	49	-
Supply teacher insurance proceeds	-	29	29	-
Education visits income	-	225	225	-
Other income	246	53	299	-
Facilities income	136	-	136	-
Teacher training	-	109	109	-
	<hr/>	<hr/>	<hr/>	<hr/>
	482	497	979	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. INVESTMENT INCOME

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2013 £000s	Total Funds 2012 £000s
Bank interest	37	-	37	-
	<hr/>	<hr/>	<hr/>	<hr/>

6. OTHER INCOME

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2013 £000s	Total Funds 2012 £000s
Other income	2	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>

7. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2013 £000s	Total Funds 2012 £000s
DfE/EFA grants				
General Annual Grant (GAG)	-	17,445	17,445	-
Start Up grants	-	805	805	-
Capital grants	-	147	147	-
Other DfE/EFA grants	-	150	150	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	18,547	18,547	-
Other Government grants				
Local authority grants	-	124	124	-
Local authority capital grants	-	422	422	-
Other grants	-	43	43	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	589	589	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	19,136	19,136	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

8. RESOURCES EXPENDED

	Staff Costs £000s	Non pay Premises £000s	Expenditure Other Costs £000s	Totals 2013 £000s	Totals 2012 £000s
Costs of generating voluntary income	41	-	248	289	-
Academy's educational operations:					
Direct costs	11,739	473	1,420	13,632	-
Allocated support costs	2,435	1,597	1,067	5,099	437
	<u>14,215</u>	<u>2,070</u>	<u>2,735</u>	<u>19,020</u>	<u>437</u>
Governance costs including allocated support costs	197	-	73	270	17
	<u>14,412</u>	<u>2,070</u>	<u>2,808</u>	<u>19,290</u>	<u>454</u>
Incoming/outgoing resources for the year include:					
Fees payable to auditor - audit				20	-
- other services				-	-
Depreciation				595	1
Operating lease costs - land and Buildings				25	8
- plant and machinery				126	-
				<u>766</u>	<u>9</u>

9. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted Funds £000s	Restricted Funds £000s	Totals 2013 £000s	Totals 2012 £000s
Fundraising	41	-	41	-
Catering contracts and cost	-	248	248	-
	<u>41</u>	<u>248</u>	<u>289</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013**

10. CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000s	Restricted Funds £000s	Totals 2013 £000s	Totals 2012 £000s
Direct Costs				
Teaching and educational support staff costs	-	11,739	11,739	-
Depreciation	-	589	589	-
Educational supplies	-	445	445	-
Examination fees	-	257	257	-
Staff development	-	64	64	-
Other direct costs	-	528	528	-
Bursaries	-	10	10	-
	-	13,632	13,632	-
Allocated Support Costs				
Support costs staff costs	-	2,398	2,398	147
Depreciation	-	6	6	1
Communications and IT	-	34	34	-
Recruitment training and support	-	65	65	-
Light and heat	-	464	464	-
Rates and rents	-	96	96	8
Insurance	-	234	234	1
Maintenance of premises and equipment	-	804	804	5
Motor, travel and subsistence	-	151	151	15
Legal and professional	-	479	479	25
Accountancy and finance	-	122	122	11
Bank interest and charges	-	8	8	-
Entertaining	-	-	-	1
Office costs	-	201	201	3
Redundancy and settlement costs	-	37	37	-
Donated time	-	-	-	220
	-	5,099	5,099	437
	-	18,731	18,731	437

11. GOVERNANCE COSTS

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2013 £000s	Total 2012 £000s
Staff costs	-	197	197	-
Independent examiners fees	-	-	-	1
Auditors’ remuneration				
- audit of financial statements	-	20	20	-
- other services	-	-	-	-
Costs of Trustees meetings	14	1	15	-
Accountancy fees	-	38	38	4
Set up cost	-	-	-	12
	14	256	270	17

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

12. STAFF COSTS

Staff costs during the year were:	2013	2012
	£000s	£000s
Wages and salaries	11,299	351
Social security	789	17
Pension costs	1,645	-
	<hr/>	<hr/>
	13,733	368
Supply teacher costs	642	-
Compensation payment	37	-
	<hr/>	<hr/>
	14,412	368
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons (including Executive Team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

Charitable Activities	2013	2012
	No.	No.
Teachers	290	-
Administration and support	307	-
Management	5	5
	<hr/>	<hr/>
	602	5
	<hr/> <hr/>	<hr/> <hr/>

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

	2013	2012
£60,001 - £70,000	6	-
£90,001 - £100,000	3	-
£100,001 - £110,000	2	-
£110,001 - £120,000	1	-
£200,001 - £210,000	1	-
	<hr/> <hr/>	<hr/> <hr/>

Seven of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these members of staff amounted to £48,506. Two employees participated in defined contributions pension schemes, pension contributions amounted to £41,826 for those employees. No pension contributions were made in respect of the remaining four employees.

13. CENTRAL SERVICES

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

- human resources;
- financial services;
- legal services;
- educational support services; and
- training as arising.

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:

	2013	2012
	£	£
Desborough College	178,618	-
Ruskin Junior School	34,567	-
Warwick Primary School	58,085	-
Blackthorn Primary School	62,729	-
Rushden Community College	190,091	-
Clarendon Academy	206,810	-
Pembroke Park Primary School	14,708	-
Thorplands Primary School	22,100	-
Olympic Road Primary School	23,829	-
Windmill Primary School	15,724	-
Risdene Academy	12,637	-
	<hr/>	<hr/>
	819,898	-
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013**

14. TRUSTEES' REMUNERATION AND EXPENSES

The Chairman and the Chief Executive Officer were the only Trustees to receive remuneration in respect of services they provide undertaking the roles of Chairman and the Chief Executive Officer, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the multi academy trust in respect of their role as Trustees in the current or previous period.

The value of Trustees' remunerations was as follows:

Sir Ewan W Harper (Chairman and Trustee): £90,000 - £95,000 (2012 - £nil) Johnson E Kane (CEO and Trustee): £90,000 - £95,000 (2012 - £nil).

During the year ended 31 August 2013, expenses in respect of: travel and subsistence; educational supplies; professional services; fixed assets; fundraising costs; ICT; and communications, totalling £45,332 (2012 - £nil) were reimbursed to 2 Trustees (2012 - No expenses paid to Trustees).

15. 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 £5,000,000 aggregate liability in any one year. The cost of this insurance is included in the total insurance cost.

16. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £000s	Fixtures & fittings £000s	ICT equipment £000s	Motor vehicles £000s	Totals £000s
COST					
At 1st September 2012	-	3	6	-	9
Transfer on conversion	85,245	-	-	10	85,255
Additions	-	558	26	-	584
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2013	85,245	561	32	10	85,848
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1st September 2012	-	-	1	-	1
Charge for year	473	112	7	3	595
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2013	473	112	8	3	596
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
At 31st August 2013	84,772	449	24	7	85,252
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 2012	-	3	5	-	8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

17. FIXED ASSET INVESTMENTS

	Shares in group undertakings
COST	£
At 1st September 2012 and at 31st August 2013	1
	<hr/>
NET BOOK VALUE	
At 31st August 2013	1
	<hr/>
At 31st August 2012	1
	<hr/>

The investments are shown in the balance sheet at cost. The Trustees have not prepared group accounts as the charitable company is a parent company subject to the small companies regime. The charitable company and its subsidiary company comprise a small group. The charitable company is therefore not required to, and has not chosen to, prepare group accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

17. FIXED ASSET INVESTMENTS (continued)

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

Education Fellowship Trading Limited

Country of incorporation: England

Nature of business: dormant

Class of share:	% holding	
Ordinary	100	
		31st August 2013
		£
Aggregate capital and reserves		1
Loss for the year		-

18. STOCKS

	2013	2012
	£000s	£000s
Stationery and other supplies	7	-

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£000s	£000s
Trade debtors	35	-
VAT recoverable	760	-
Trustees' current accounts	1	-
Prepayments and accrued income	641	-
Other debtors	30	7
	<u>1,467</u>	<u>7</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£000s	£000s
Trade creditors	783	7
Amounts owed to group undertakings	36	35
Taxation and social security	321	65
Other creditors	37	-
Accruals and deferred income	1,277	231
	<u>2,454</u>	<u>338</u>

Included in creditors was deferred income as follows:

	2013	2012
	£000s	£000s
Deferred income at 1 September 2012	195	-
Resources deferred in the year	485	195
Amounts released from the previous year	(195)	-
	<u>485</u>	<u>195</u>

The main components of this deferred income was in respect of Start Up Grants of £90,000 (2012 - £195,000 Start up Grants for three schools), Devolved Formula Capital Grants of £85,117 (2012: £Nil), Cluster School funding of £91,315 (2012: £Nil) and advance receipts for a Children's Centre of £152,172 (2012: £Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

21. FUNDS

	Balance at 1st September 2012 £000s	Incoming resources £000s	Resources expended £000s	Gains, losses and Transfers £000s	Balance at 31st August 2013 £000s
Restricted general funds					
General Annual Grant (GAG)	-	17,445	(17,087)	115	473
Other DfE/EFA grants	-	150	(150)	-	-
Other restricted general funds	(66)	664	(598)	91	91
Pension Reserve	-	(3,705)	-	(463)	(4,168)
Start up grant	-	805	(805)	-	-
Assets transferred from other academies	-	91	-	(91)	-
	<u>(66)</u>	<u>15,450</u>	<u>(18,640)</u>	<u>(348)</u>	<u>(3,604)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	147	(30)	-	117
Other government grants	-	422	(565)	85,278	85,135
Assets transferred from other academies	-	85,255	-	(85,255)	-
	<u>-</u>	<u>85,824</u>	<u>(595)</u>	<u>23</u>	<u>85,252</u>
Total restricted funds	<u>(66)</u>	<u>101,274</u>	<u>(19,235)</u>	<u>(325)</u>	<u>81,648</u>
Unrestricted funds					
Unrestricted General Funds	(14)	674	(55)	1,413	2,018
Assets transferred from other academies	-	1,436	-	(1,436)	-
Total unrestricted funds	<u>(14)</u>	<u>2,110</u>	<u>(55)</u>	<u>(23)</u>	<u>2,018</u>
TOTAL FUNDS	<u>(80)</u>	<u>103,384</u>	<u>(19,290)</u>	<u>(348)</u>	<u>83,666</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 should carry forward at 31st August 2013.

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 2013

21. FUNDS (continued)

Analysis of academies by fund balance

Fund balances at 31st August 2013 were allocated as follows:

	Total £000s
Desborough College	266
Ruskin Junior School	102
Warwick Primary School	117
Blackthorn Primary School	778
Rushden Community College	418
Clarendon Academy	120
Pembroke Park Primary School	1
Thorplands Primary School	351
Olympic Road Primary School	83
Windmill Primary School	158
Risdene Academy	44
Central services	144
	<hr/>
Total before fixed assets and pension reserve	2,582
Restricted fixed asset fund	85,252
Pension reserve	(4,168)
	<hr/>
	83,666

Analysis of academies by cost

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

	Teaching & Educational Support Staff Costs £000s	Other Support Staff Costs £000s	Educational Supplies £000s	Other costs (excluding Depreciation) £000s	Total £000s
Desborough College	2,386	372	78	521	3,357
Rushden Community College	2,693	372	70	639	3,774
Clarendon Academy	2,972	391	144	871	4,378
Ruskin Junior School	530	80	18	149	777
Warwick Primary School	892	53	36	270	1,251
Blackthorn Primary School	884	93	38	287	1,302
Thorplands Primary School	348	313	12	132	805
Pembroke Park Primary School	237	31	5	68	341
Olympic Road Primary School	387	59	11	89	546
Windmill Primary School	208	38	18	47	311
Risdene Academy	202	32	15	76	325
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	11,739	1,834	445	3,149	17,167
Central services	-	839	-	689	1,528
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	11,739	2,673	445	3,838	18,695

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st August 2013 are represented by:

	Unrestricted Funds £000s	Restricted Pension Reserve £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total Funds £000s
Tangible fixed assets	-	-	-	85,252	85,252
Fixed asset investments	-	-	-	-	-
Current assets	2,371	-	2,665	-	5,036
Current liabilities	(353)	-	(2,101)	-	(2,454)
Pension scheme liability	-	(4,168)	-	-	(4,168)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	2,018	(4,168)	564	85,252	83,666
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £000s	2012 £000s
Net income	84,094	(80)
Net assets transferred from other academies	(83,077)	-
Depreciation	595	1
Interest payable	-	-
Interest receivable	(37)	-
Capital grants from DfE and other capital income	(569)	-
FRS 17 pension cost less contributions payable	22	-
FRS 17 pension finance costs	93	-
Increase in stock	(7)	-
Increase in debtors	(1,460)	(7)
Increase in creditors	2,116	338
	<hr/>	<hr/>
	1,770	252
	<hr/> <hr/>	<hr/> <hr/>

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £000s	2012 £000s
Interest paid	-	-
Interest received	37	-
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	37	-
	<hr/> <hr/>	<hr/> <hr/>

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013 £000s	2012 £000s
Purchase of tangible fixed assets	(584)	(9)
Capital grants from DfE/EFA	147	-
Capital grants from others	422	-
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(15)	(9)
	<hr/> <hr/>	<hr/> <hr/>

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1st September 2012 £000s	Cash Flows £000s	At 31st August 2013 £000s
Cash in hand and at bank	243	3,319	3,562
	<hr/>	<hr/>	<hr/>
Total	243	3,319	3,562
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

27. 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.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State 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 under the Funding Agreement.

28. 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.

29. PENSION AND SIMILAR OBLIGATIONS

The multi academy trust's employees belong to two principal pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and three Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by Wiltshire, Berkshire and Northampton County Councils. All are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

In addition to the above two schemes some employees are members of a defined contribution SIPS. Contributions amounting to £3,483 were payable to defined contribution SIPS at 31st August 2013 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change in contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

29. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75% and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £594,000 (2012: £Nil) of which employer's contributions totalled £461,000 (2012: £Nil) and employees' contributions totalled £133,000 (2012: £Nil). The agreed contribution rates for future years are 17.1% to 23.1% for employers and 5.5% to 7.5% for employees.

The LGPS obligation relates to the employees of all the academies under the control of the Academy Trust including new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees of academies which transferred to the Academy Trust during the year represents their cumulative service at both the predecessor school/academy and the Academy Trust at the balance sheet date.

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

	At 31st August 2013	At 31st August 2012
Rate of increase in salaries	4.8% to 5.1%	N/A
Rate of increase for pensions in payment/inflation	2.8% to 2.9%	N/A
Discount rate for scheme liabilities	4.6% to 4.7%	N/A
Inflation assumption (CPI)	2.9%	N/A
Commutation of pensions to lump sums - Pre April 2008 service	50% to 75%	N/A
- Post April 2008 service	50%	N/A

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013**

**29. PENSION AND SIMILAR OBLIGATIONS (continued)
Local Government Pension Scheme (continued)**

Sensitivity Analysis

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

Change in assumptions at year ended 31st August 2013:	Approximate % increase to Employer	Approximate monetary Liability amount £000s
0.5% decrease in Real Discount Rate	12% to 15%	960
1 year increase in member life expectancy	3%	224
0.5% increase in the Salary Increase Rate	6% to 8%	397
0.5 % increase in the Pension Increase Rate	6%	392

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

	At 31st August 2013	At 31 August 2012
<i>Current Pensioners</i>		
Males	21.3 to 23.1	N/A
Females	23.3 to 25.7	N/A
<i>Future Pensioners</i>		
Males	23.3 to 25.1	N/A
Females	25.5 to 27.6	N/A

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

	Expected return at 31st August 2013	Fair value at 31st August 2013 £000s	Expected return at 31st August 2012	Fair value at 31st August 2012 £000s
Equities	6.3% to 6.7%	2,316	N/A	N/A
Bonds	3.5% to 4.4%	579	N/A	N/A
Property	4.3% to 4.7%	238	N/A	N/A
Cash	0.5% to 3.6%	112	N/A	N/A
Alternative assets	4.7%	83	N/A	N/A
Total market value of assets		3,328		
Present value of scheme liabilities				
- Funded		(7,496)		
(Deficit)/surplus in the scheme		(4,168)		

The expected returns are the median annualised (geometric) total returns over twenty years.

The actual return on scheme assets was £190,000 (2012: £N/A).

Amounts recognised in the statement of financial activities	2013 £000s	2012 £000s
Current service cost (net of employee contributions)	483	N/A
Past service cost	-	N/A
Total operating charge	483	N/A
Analysis of pension finance income/(costs)	2013 £000s	2012 £000s
Expected return on pension scheme assets	91	N/A
Interest on pension liabilities	(184)	N/A
Pension finance income/(costs)	(93)	N/A

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

29. PENSION AND SIMILAR OBLIGATIONS (continued)
Local Government Pension Scheme (continued)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £348,000 loss.

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

	2013	2012
	£000s	£000s
At 1st September 2012	-	N/A
Defined benefit obligations transferred in from other academies	6,303	N/A
Current service cost	483	N/A
Interest cost	184	N/A
Employee contributions	133	N/A
Actuarial loss	466	N/A
Benefits paid	(73)	N/A
Past service cost	-	N/A
	<hr/>	<hr/>
At 31st August 2013	7,496	N/A
	<hr/> <hr/>	<hr/> <hr/>

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

	2013	2012
	£000s	£000s
At 1st September 2012	-	N/A
Fair value of scheme assets transferred in from other academies	2,598	N/A
Expected return on assets	91	N/A
Actuarial gain	118	N/A
Employer contributions	461	N/A
Employee contributions	133	N/A
Benefits paid	(73)	N/A
	<hr/>	<hr/>
At 31st August 2013	3,328	N/A
	<hr/> <hr/>	<hr/> <hr/>

The estimated value of employer contributions for the year ending 31 August 2014 is £783,000.

The history of experience adjustments is as follows:

	2013
	£000s
Present value of defined benefit obligations	(7,496)
Fair value of share of Scheme assets	3,328
	<hr/>
(Deficit)/surplus in the Scheme	(4,168)
	<hr/> <hr/>
	2013
	£000s
Experience adjustments on share of Scheme assets	118
Experience adjustments on Scheme liabilities	-
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

30. RELATED PARTY DISCLOSURES

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, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees 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, throughout the current period, was Sir Ewan W Harper, a Director, and members of his close family. Sir Ewan W Harper is personally interested in 38% of the voting share capital of TEFL. In addition, his wife, Lady Harper, and adult children of theirs control, in aggregate, a further 24% of the issued voting share capital of TEFL.

On 28 September 2012, Sir Ewan W Harper and Mr Johnson E Kane, Directors of The Education Fellowship Limited, were appointed Directors of The Education Fellowship Trust.

During the previous period, The Education Fellowship Foundation, a charitable company limited by guarantee, provided a start-up grant of £4,000 and there were no balances due to or from TEFL.

Transactions

The Education Fellowship Limited ("TEFL"), is considered a related party by virtue of the Education Funding Agreement. During the previous period, TEFL paid expenses and salaries on behalf of The Education Fellowship Trust amounting to £44,422 and was reimbursed £9,088 leaving a balance due to TEFL at 31 August 2012 of £35,334. In the current year The Education Fellowship Trust banked a cheque due to TEFL for £900 in error. The balance due to TEFL at 31 August 2013 was £36,234.

During the year, Lady Harper, wife of Sir Ewan W Harper, the Chairman, charged The Education Fellowship Trust £24,819 (2012 - £8,187) in respect of rent on the building occupied by the Multi Academy Trust and a further £2,759 (2012 - £877) in respect of building insurance premiums in accordance with an operating lease for Fellowship House, Titchmarsh.

At 31 August 2013, balances due from Directors amounted to £1,139. Balances of £483 and £656 were recoverable from Sir Ewan W Harper, Chairman and Trustee, and Johnson E Kane, CEO and Trustee. The amounts have been cleared since the year end and were in connection with advances to meet expenses of the Academy Trust.

31. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	2013		2012	
	Land and buildings £000s	Other items £000s	Land and buildings £000s	Other items £000s
Operating leases which expire:				
Within 1 year	8	3	-	-
Within 2 to 5 years	24	151	24	-
After more than 5 years	-	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	32	155	24	-
	<hr/>	<hr/>	<hr/>	<hr/>