

Registered number: 07768645

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

CONTENTS

| | Page |
|--|---------|
| Reference and Administrative Details | 1 - 2 |
| Trustees' Report | 3 - 13 |
| Governance Statement | 14 - 17 |
| Statement on Regularity, Propriety and Compliance | 18 |
| Statement of Trustees' Responsibilities | 19 |
| Independent Auditors' Report on the Financial Statements | 20 - 22 |
| Independent Reporting Accountant's Assurance Report on Regularity | 23 - 24 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 25 |
| Balance Sheet | 26 |
| Statement of Cash Flows | 27 |
| Notes to the Financial Statements | 28 - 52 |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Julian Coningham
Kate Amis
Tom Gatély (resigned 16 November 2017)
Mike Gibson (resigned 8 December 2017)
Brian Ledbetter (appointed 24 April 2017)
Matthew Young (appointed 15 January 2018)

Trustees

Sarah Atherton (resigned 15 January 2018)
Simon Bailey (appointed 15 January 2018)
Brian Ledbetter
Olivier Huez (resigned 31 October 2017)
John Grove, Head Teacher
Fiona Wilkins (resigned 31 October 2017)
Julian Coningham, Chair of Trustees
Hilary Clarke (resigned 31 October 2017)
Rachael Dupont
Liz Stoyel, Deputy Chair
Geoff Morris (appointed 1 November 2017)
Karen Parkinson (appointed 1 November 2017)
Fergal Spencer (appointed 15 January 2018)

Company registered number

07768645

Company name

Quality First Education Trust

Principal and registered office

Belleville Road
London
SW11 6PR

Company secretary

Aderemi Shodipe (until 17 October 2018)
Charlotte Meade (from 17 October 2018)

Senior leadership team

John Grove, Head Teacher
Sarah Atherton, Belleville Junior Head Teacher
Mary-Lyne Latour, Belleville Infant Head Teacher
Jane Ford, Meteor Head Teacher
Seana Henry, Belleville Wix Head Teacher
Tom Hyndley, Churchfields Head Teacher

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Charlotte Meade, Director of Operations
Ruth Hudson, Alton Head Teacher
Aderemi Shodipe, Director of Finance

Independent auditors

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

Bankers

HSBC
16 King street
London
WC1V 6AY

Solicitors

Browne Jacobson LLB
77 Gracechurch Street
London
EC3V 0AS

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Quality First Education Trust was established by Belleville Primary School, a large, outstanding school in south west London with over 900 children on two sites.

The Quality First Education Trust was established by Belleville Primary School in 2017. The trust operates four primary academy schools across south London: Belleville Primary School, Belleville Wix Academy, The Alton School and Churchfields Primary School. The schools have a combined pupil capacity of 2,055 and had a roll of 1,912 in the school census on 11 October 2018. The principal object of the trust is to provide education to pupils between the ages of 4 and 11.

Belleville Primary School, Belleville Road, London SW11 6PR

Executive Head: John Grove; Headteacher Juniors: Sarah Atherton; Headteacher Infants: Mary Lyne Latour; Headteacher Meteor Site: Jane Ford

Belleville Primary School was established in 1877 and has been an academy since 2011. Belleville is a large, popular and successful school, judged 'Outstanding' (Ofsted 2007). It is a designated National Support School, Teaching School, Maths Hub and Academy Sponsor, with a long history of supporting and improving schools. It has the largest primary intake in Wandsworth, with four forms of entry plus additional 'bulge' classes in some year groups. The school operates across two different sites approximately a mile apart, in the Clapham/Battersea area of the London Borough of Wandsworth. Belleville has a pupil capacity of 952 and had a roll of 942 in the school census on 4 October 2018.

Belleville Wix Academy, Wix's Lane, London SW4 0AJ

Headteacher: Seana Henry

Belleville Wix Academy joined the Trust in August 2017 as a sponsored academy. Belleville Wix is a one and a half form entry school, very close to Clapham Common, in the London borough of Wandsworth. Belleville Wix shares its site with école de Wix, a French primary school which is annexed to the Lycée Charles de Gaulle in South Kensington. Belleville Wix runs a one-form-entry English stream and the école runs a one-form-entry French stream. The two schools collaborate to provide a one-form-entry bilingual stream. Belleville Wix has a pupil capacity of 365 and had a roll of 313 in the school census on 4 October 2018.

The Alton School, Danebury Avenue, London SW15 4PD

Headteacher: Ruth Hudson

The Alton School chose to convert to an academy and join the Trust in 2017. The Alton is an inclusive one-form-entry primary school in Roehampton, next to Richmond Park in the London borough of Wandsworth. It is home to a small Resource Base for children with moderate learning difficulties. The Alton has improved very significantly over recent years and its most recent Ofsted inspection in December 2016 judged it to be a 'Good' school. The Alton has a pupil capacity of 269 and had a roll of 205 in the school census on 4 October 2018.

Churchfields Primary School

Headteacher: Tom Hyndley

Churchfields chose to convert to an academy and joined the Trust in November 2017. Churchfields is a two-form-entry primary school in Beckenham, in the London borough of Bromley. It houses a specialist unit for children with severe/complex learning difficulties, including social and communication difficulties. The school's most recent Ofsted inspection in May 2016 judged it to be a 'Good' school. Churchfields has a pupil capacity of 469 and had a roll of 452 in the school census on 4 October 2018.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of Quality First Education Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

The principal object of the Academy is to provide education to students between the ages of 4 and 11.

Members' liability

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

Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the articles of association and funding agreement. The recruitment and succession planning of Trustees must match Quality First Education Trust vision for the next five years. The skills profile of the Board must reflect the governance needs of the Trust.

The following skills categories set out the broad range of skills, knowledge or prior experiences that is expected to be held across the Board:

1. Leadership and Policy
2. Education Performance and Curriculum
3. Finance
4. Risk and Audit
5. Constitutional Governance
6. Strategic Partnerships, External Relationships and Public Relationships
7. Engagements with internal stakeholders
8. Human Resources
9. Estates and Property
10. Health, safety and safeguarding

The Quality First Education Trust (Q1ET) Board requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board carries out a skills audit of Trustees annually to inform the recruitment process, using the categories above to inform decision-making. The steps towards recruiting and appointing a new trustee are set out below:

1. Create and distribute Trustee role specification

A 'Roles and Responsibilities' document outlining the expectations of a Trustee is circulated to all potential candidates.

2. Nominations

Nominations may be received from people outside the trust but a member of the Board or trusted staff member will take over as nominator in this case so that each candidate is 'owned' by someone within the organisation. The nominator should be prepared to champion the candidate through the selection process, advocate for the candidate's fit with the trust, coach the candidate, act as primary point of contact between the trust and the

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

candidate, and support contract signing and on-boarding.

3. Decision and appointment to the Board

Final ratification of a potential appointment is provided by the overall Board at the subsequent Board meeting. Once this has been approved successful candidates can commence as a Trustee.

Policies and procedures adopted for the induction and training of Trustees

New trustees are inducted into the workings of the trust. Training and induction will depend on their experience. An induction meeting (or series of meetings) is undertaken to provide training on:

- company and charity requirements
- educational, legal and financial matters
- the values, vision, strategy and objectives of the trust.

All new trustees are given a tour of at least one of the academies in the group. All trustees are provided with copies of the trust policies, procedures, budgets, plans and other documents that they will need to understand their role as trustees and directors of the trust.

Trustees may attend professional training courses to allow them to efficiently fulfil their duties. Ongoing training is encouraged for all trustees to ensure they continue to make an effective contribution and are keeping up to date with changes in legislation.

Organisational structure

The organisational structure of the Academy Trust consists of three levels:

- The Trust Board, which includes the Executive Head
- The Executive team (The Executive Head, Director of Finance and Director of Operations)
- The Headteachers of the Trust schools

The Quality First Education Trust is governed by a board of directors (which is also the governing body) constituted under the memorandum and articles of association. The directors are responsible for ensuring that high standards of corporate governance are maintained, the directors exercise their powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Quality First Education Trust and shall consider any advice given by the Executive Head, addressing such matters as:

- Policy development and strategic development,
- Ensuring compliance with legal requirements,
- Ensuring effective internal controls are in operation,
- The monitoring of performance,
- Helping the trust to be responsive to the needs of parents, carers and the Community,
- Setting the trust's standards of conduct and value, and
- Assessing and managing risk

A full trustees meeting is held at least once a school term. In addition there are at least nine committee meetings where most trustees are in attendance.

Terms of reference for all sub committees are reviewed and agreed annually.

The Trust also has local governing bodies (local governors) that report to the board of trustees. The responsibilities of the local governing bodies are:

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- Undertake day-to-day school governance
- Monitor performance
- Support and challenge the Head teacher and Senior Leadership Team
- To represent the community
- To represent the Trust

Connected organisations, including related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations. 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.

Belleville PTA acts to raise money to improve the school environment for the children of Belleville School. Funds are spent on improving equipment and facilities in the School. The PTA is a registered charity (number 270097). Currently 1 Trustee of the School acts as a PTA Trustee.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust has two principal Objects set out in its Articles of Association:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- to promote for the benefit of individuals living in the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, Strategies and Activities

Vision: As a Trust we have a relentless drive for excellence and equality. The way that we as schools and a Trust seek to provide excellence and equality is through education.

Aims: Our Trust aims are that all children:

- Are safe
- Are excellent learners
- Have excellent social and emotional skills
- Achieve and succeed.

Core priorities: The two core priorities that are given particular focus for ongoing continuous improvement at the Quality First Education Trust are:

- Quality First Education: We believe that all children can learn and the better the teaching, the better their life chances. We seek to provide an excellent broad and balanced quality first education with a

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

suitable focus on the core skills of literacy and numeracy. We believe that the quality of an education system cannot exceed the quality of its teachers. Quality First Education is shorthand for the principle that all children are entitled to high quality teaching and learning every day in all subjects.

- Whatever It Takes: We accept that many children at some stage in their lives will need more than the quality first education provides, and for these children at these times we will seek to do whatever it takes to help them. "Whatever it Takes" is whatever time and support is required for some children to ensure they fulfil their potential – in addition to (not instead of) the Quality First Education they receive.

Together these two core priorities can be seen to represent our philosophy of excellence and equality.

School specific priorities: For the reporting period September 2017 to August 2018 each school in the Trust had a separate school improvement plan, focusing on areas for development determined by safeguarding priorities, pupil performance outcomes, the standard of teaching, and specific operational matters. For the coming year we have developed a consistent format for these plans, ensuring they both draw on and feed into the Trust's overall plans.

Strategy: To achieve our aims we apply our school improvement mantra. This is shared with all Trustees as part of the Trust's improvement plan. The mantra is:

- Know where we are going
- Recruit, retain and develop excellent staff
- Ensure we know what to do
- Ensure we know why we are doing the job
- Ensure we have excellent skills to do the job
- Ensure we have excellent resources to do the job
- Ensure we do the job with excellence
- Monitor, evaluate and improve

Measures used to assess success: For the reporting period a set of Key Performance Indicators (KPIs) were agreed for all schools in the Trust, as detailed in the 'achievements and performance' section of this report. A 'data dashboard' report is used to capture each school's performance against the KPIs. This is submitted by each headteacher after the end of the academic year.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust board monitors the performance of its schools against agreed Key Performance Indicators (KPIs), focusing on pupil performance. For the reporting period these were:

- Performance should meet statutory requirements
- Performance should be better than the national average
- Performance should be better than the previous year

These KPIs are applied when monitoring the following key measures:

- Percentage of children achieving at least a "good level of development" at the end of the Early Years Foundation Stage
- Percentage of children passing the Phonics screening test
- Percentage of children reaching the expected and higher standards in the core subjects at the end of

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- Key Stage 1 and at the end of Key Stage 2
For each of these measures data is monitored for all children, and specifically for disadvantaged children (using the government's definition).

Headline performance data is included below. There was some inconsistency in previous data capture (before the trust was established) therefore we are currently still working to analyse the full set of results.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

| Early years and phonics screening | Achieving "good level of development" at end of Early Years | | | Passing the Phonics screening test at end of Year 1 | | | Passing the Phonics screening test at end of Year 2 (cumulative) | | |
|-----------------------------------|---|------|----------|---|------|----------|--|------|----------|
| | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met |
| Belleville Primary School | 90% | 93% | ✓ | 95% | 97% | ✓ | 98% | 98% | - |
| Churchfields Primary School | | 80% | tbc | 91% | 90% | x | 95% | | tbc |
| The Alton Primary School | 76% | 88% | ✓ | 96% | 79% | x | | | tbc |
| Belleville Wix Academy | 65% | 75% | ✓ | 86% | 80% | x | 80% | 80% | - |
| National average | 71% | 72% | n/a | 81% | 82% | n/a | 92% | 92% | n/a |

| Core subjects at Key Stage 1 | Reaching the expected standard in Reading at end of Key Stage 1 | | | Reaching the expected standard in Writing at end of Key Stage 1 | | | Reaching the expected standard in Maths at end of Key Stage 1 | | |
|------------------------------|---|------|----------|---|------|----------|---|------|----------|
| | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met |
| Belleville Primary School | 92% | 92% | - | 87% | 92% | ✓ | 89% | 93% | ✓ |
| Churchfields Primary School | 77% | 80% | ✓ | 73% | 73% | - | 80% | 76% | x |
| The Alton Primary School | 78% | 90% | ✓ | 78% | 95% | ✓ | 83% | 100% | ✓ |
| Belleville Wix Academy | 90% | 83% | x | 88% | 76% | x | 85% | 95% | ✓ |
| National average | 76% | 75% | n/a | 68% | 70% | n/a | 75% | 76% | n/a |

| Core subjects at Key Stage 2 | Reaching the expected standard in Reading at end of Key Stage 2 | | | Reaching the expected standard in Writing at end of Key Stage 2 | | | Reaching the expected standard in Maths at end of Key Stage 2 | | |
|------------------------------|---|------|----------|---|------|----------|---|------|----------|
| | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met | 2017 | 2018 | KPIs met |
| Belleville Primary School | 95% | 94% | x | 91% | 88% | x | 95% | 90% | x |
| Churchfields Primary School | 86% | 85% | x | 84% | 76% | x | 91% | 85% | x |
| The Alton Primary School | 72% | 79% | ✓ | 83% | 75% | x | 83% | 88% | ✓ |
| Belleville Wix Academy | 73% | 88% | ✓ | 82% | 85% | ✓ | 82% | 88% | ✓ |
| National average | 72% | 75% | n/a | 76% | 78% | n/a | 75% | 76% | n/a |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charitable company.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust 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' indemnities

Employees and Trustees are covered by Trustees' and Officers' liability insurance for failings arising from the performance of their duties that may lead to civil liability. There are no other specific third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

FINANCIAL REVIEW

Most of the Quality First Education Trust income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of funds in note 19 to the financial statements.

Financial position

The Quality First Education Trust fund balances at 31 August 2018 were in surplus by £37,080,611 (2017: £21,314,310). Total restricted funds at 31 August 2018 were in surplus by £35,491,094 (2017: £19,731,779) represented by the pension deficit, Fixed Asset Fund and the balance on teaching school. Unrestricted funds at 31 August 2018 were in surplus by £1,598,517 (2017: £1,582,532).

During the period, ESFA/LA grants totalled £9,483,938 (2017: £4,674,594). Other income included within restricted funds totalled to £786,710 (2017: £478,143) in respect of the teaching school. Restricted income fund expenditure totalled £10,770,648 (2017: £5,396,737).

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

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions since June 2016 have increased and it is expected that they will continue to increase further. Overall the academy has a healthy balance sheet and cashflow and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the school development plan and school aims.

The Director of Finance has been reviewing the financial processes. The trustees through the Finance and Premises Committee receive financial progress reports throughout the year and compare against budgets

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

submitted to the Education and Skills Funding Agency. The Finance and Premises Committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the schools.

The assets were used exclusively for providing education and the associated services to the pupils of the schools. The deficits in the Local Government Pension Schemes (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102.

Key financial performance indicators

The Key Performance Indicators are variations from Budget Forecasts. The Forecast sets out a structured and balanced three year plan and deviation from this would indicate a favourable or adverse financial position. Financial performance against budget is monitored monthly and reported to the Finance and Premises Committee quarterly. Specific analysis is made in relation to salary costs against the budgeted staff establishment.

Principal risks and uncertainties

Risks are reviewed annually by the Trustees. The Trustees have assessed the major risks to which the multi-academy trust (MAT) is exposed, in particular those related to the operations and finances of the MAT, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The principal risks and uncertainties facing the academy trust are:

The Next Ofsted inspection results in a lower grading than the current "Outstanding". Mitigation - the school's performances are regularly monitored by the SLT, Trustees and external advisors. The Head and Trustees monitor changes in Ofsted criteria and approach to identify any changes required to internal processes, reporting and monitoring.

Risk to the schools' ability to sustain high standards and results due to reduced central funding and/or inefficiency/inadequate financial control by the schools' leadership. Mitigation - The government has already forewarned of reduced future funding for school. The Trust mitigates this risk (which is outside school control) by staying abreast of government plans and through thorough advanced financial planning on a 3-year cycle. The Schools have policies and procedures in place to prevent fraud and mis-management, ensure value for money is achieved and takes into consideration national guidance and recommendations. The Trust's Finance Director has day-to-day responsibility for the Trust's financial affairs and monitors income and expenditure with the Head on a monthly basis.

Risk that the pension schemes are in significant deficit and that employer contributions increase and draw heavily on Trust funds, compromising their ability to investment in improvement. Mitigation - the pension scheme is devolved to the LGPS & TPS, employer contributions decided on the basis of actuarial records and outside school control. Central administration of the scheme ensures correct employer contributions are defined.

Risk of falling demand and uptake of school places with resultant reduction in school funding. Mitigation - LA monitoring of birth rates and forecasting of demand for primary places (currently projects steady rise in demand for primary school places in the Borough for several years to come), Monitoring at school level of uptake of places, vacancies and changes in school population demographics. Maintenance of high standards and results ensures ongoing high demand for places.

Risk of uncontrolled major natural event that affects school eg. fire, flood. Mitigation - by its nature the likelihood of this risk cannot be influenced. Response measures in place control impact. The Trust maintains a Disaster Recovery/Business Continuity Plan and runs an annual cascade contact test. The Finance Director is responsible for ensuring an effective Insurance policy is in place.

Risk that the Trust fails to comply with legislation and regulations (eg. Health and Safety, Employment law, Data Protection etc.). Mitigation - Trustees, SLT and Finance Director stay abreast of changes in legislation and

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

regulations and new requirements on the Trust. A range of policies to ensure compliance are in place and regularly reviewed by the Trustees. The Trust buys in external advice and/or outsources to appropriately skilled bodies where necessary eg. local authority HR.

Risk of damage to the Trust's reputation arising from any cause eg. poor Ofsted report, actions of Trustees or staff, falling standards/results, adverse publicity, high profile complaint or incident. Trustees and Leadership demand high standards of conduct (including for themselves) and pursue high standards and achievement levels for pupils. Achievement against targets and progress and results achieved by pupils is regularly monitored by SLT, Trustees and SIP(s). The trust has carried out a skills review to ensure the correct set of skills are available on the Board.

Investment policy and performance

The Trust's aim is to minimise risk with any investments; the policy is therefore to invest reserves in low risk short term bank deposits. No reserves are currently invested as the priority since incorporation was to ensure sufficient working capital and to date all cash deposits have been held in instantly available deposit accounts.

Reserves policy

The Trustees have reviewed the reserves of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves.

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable basis for the continuing activity of the Academy Trust having in mind such factors as fluctuations in anticipated pupil numbers, whilst ensuring that excessive funds are not accumulated. This is assessed over a three year budget period. Large fluctuations due to pupil numbers are not anticipated and the policy is to maintain end of year reserves no less than 50% of one month's salary costs which is equal to £370,106. Reserves are currently higher than the target at £1,589,517 but in the next three years the school will have planned deficits which will be funded from reserves.

The level of reserves will be kept under review by the Trustees.

Fundraising

No school within the MAT has employed an external fundraiser. All funds raised for each school were carried out by the PTA which aims to raise funds from parents and carers of current parents and operate at arms length from the schools. The PTA occasionally makes donations for specific purposes. No complaints were received as a result of the PTA's fundraising activity.

PLANS FOR FUTURE PERIODS

The Trust consisted of four schools at 31 August 2018. We are in discussion with a number of other schools that are considering converting to academies and joining our Trust.

We have one sponsored academy in the Trust (Belleville Wix Academy) which remains our current priority in terms of school improvement, however we remain keen to sponsor further schools in the future should there be an appropriate opportunity.

We have recently met with representatives of the Office of the Regional Schools Commissioner (Department for Education) for an annual MAT review, to discuss priorities, capacity and future plans.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Pay policy for key management personnel

The pay of all staff within the Quality First Education Trust is set within the parameters of the Quality First Education Trust Pay Policy. The performance of all staff is then monitored and evaluated against agreed objectives in-line within the Q1ET Performance Management Policy.

The pay of senior staff in the multi-academy trust including the CEO is reviewed annually and is considered by the Trust Finance and Premises Committee and the staffing committee who make a recommendation to the Quality First Education Trust Board.

The salary ranges of staff have been established by directors following a process local and regional comparison.

The pay of all heads of school and senior leadership staff is set within pay bands that are determined by the size and phase of the school and by factors such as comparisons of similar roles locally and the availability of suitably qualified and experienced staff.

All posts within the structure have detailed job descriptions which are subject to review from time to time, in consultation with staff, to reflect the changing needs of the school. Job descriptions are written with due regard to enabling staff to maintain a reasonable work/life balance.

Trade union facility time

No employees were relevant union officials during the period for the purposes of collective bargaining.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, haysmacintyre, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 19 December 2018 and signed on its behalf by:


Julian Coningham
Chair of Trustees

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Quality First Education 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 Executive Head teacher, 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 Quality First Education Trust and the Secretary of State for Education. They are 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 full Board of Trustees has formally met 4 times during the year. There were also 10 Sub-Committee meetings. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| Sarah Atherton | 2 | 2 |
| Simon Bailey | 1 | 2 |
| Brian Ledbetter | 4 | 4 |
| Olivier Huez | 1 | 1 |
| John Grove, Head Teacher | 4 | 4 |
| Fiona Wilkins | 1 | 1 |
| Julian Coningham, Chair of Trustees | 4 | 4 |
| Hilary Clarke | 0 | 1 |
| Rachael Dupont | 4 | 4 |
| Liz Stoyel, Deputy Chair | 4 | 4 |
| Geoff Morris | 3 | 3 |
| Karen Parkinson | 3 | 3 |
| Fergal Spencer | 2 | 2 |

Key changes in the composition of the board of trustees: 2017-18 was our full first year as a Multi Academy Trust. There have been a number of changes to the board of trustees in order to ensure the appropriate skills, expertise and capacity to fulfil the duties of the MAT board. Four of the trustees who were in place at the beginning of the year had agreed to fulfil transitional roles on the board. These trustees stepped down and were replaced by newly appointed trustees in the first half of the year.

Governance reviews:

During the year Trustees have:

- Undertaken a self-assessment using the NGA's Skills Audit for MAT Trustees
- Attended and actively contributed to a risk workshop to identify, agree, document and assess our key strategic risks and their mitigations.
- Agreed link roles for individual Trustees including safeguarding, health & safety and risk, with key monitoring responsibilities.
- Undertaken school visits, attended INSET and attended local governing body meetings.
- Reviewed and discussed sources of current evidence about the Trust schools including written reports from external experts; in 2017-18 these reviews included:

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

- performance data, monitored via our developing "dashboard" report
 - a two-day in-depth review of each school, led by a current Ofsted inspector
 - a one-day end of year review of each school, led by a current Ofsted inspector
 - a one-day safeguarding audit of each school, led by an objective external consultant
 - internal and external audit reports on each school.
- Monitored, reviewed and challenged all aspects of the Trust's performance and operations, via full Board meetings and through its three sub-committees (Finance and Premises Committee; Teaching and Learning Committee; Staffing and Safeguarding Committee). Each committee has a designated Chair and agreed terms of reference.

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its terms of reference include the remit to consider all financial issues arising from the School improvement plan, to prepare and to approve the annual budget and to monitor income and expenditure.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Brian Ledbetter | 4 | 4 |
| Simon Bailey (appointed January 2018) | 3 | 3 |
| Geoff Morris | 3 | 4 |
| John Grove, Head Teacher | 4 | 4 |
| Julian Coningham, Chair of Governors | 4 | 4 |
| Rachel Dupont | 4 | 4 |
| Fergal Spencer (appointed January 2018) | 3 | 3 |
| Liz Stoyel | 1 | 4 |

Review of Value for Money

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Ensuring there is comprehensive monitoring of spending and budgets to ensure that all spending is within the school's long term financial plan. This monitoring is undertaken by the Business Manager, Head teacher, School Trustees, and Internal and External Auditors.
- We have structured purchasing policies and guidelines. In addition a scheme of delegation clearly states individual levels of authority and accountability.
- A Risk Register records all the risks faced by the school, financial and otherwise. This register is reviewed annually by School Trustees.
- Effective Purchasing - we have a dedicated member of staff responsible for all purchasing within the school. Having a dedicated purchasing officer allows the academy to seek best value on purchases. Several large contracts are awarded through contracts procured by Wandsworth Council. Such economies of scale create a better negotiating position and better value contracts. These contracts include those awarded for cleaning, catering and photocopying.
- Other large contracts are tendered for by the school in a timely manner. These contracts have recently included those for the provision of insurance and audit services.
- We discuss purchasing with other local academies at termly review meetings. These meetings facilitate discussion relating to the control of expenditure and best value for money.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

- Income generation: The school takes opportunities to generate additional revenue, most notably through the lettings of school premises and some non grant funded Teaching School activities. The additional revenue is used by the school to fund spending on educational activities.

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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Quality First Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Premises 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 to appoint an internal auditor. Each school within the MAT has received two internal audit visits during the year.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- carrying out a termly audit on a revolving basis: testing a sample expenditure and income; checking and signing off petty cash and the Fund account; checking the payroll and staff contracts; providing a report and recommendation of his findings.

On a regular basis, the auditor reports to the Board of Trustees through the Finance and Premises Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

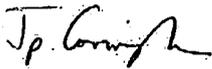
Review of Effectiveness

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

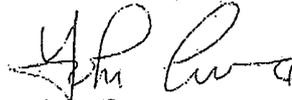
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 19 December 2018



Julian Coningham
Chair of Trustees



John Grove
Accounting Officer
19 December 2018

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Quality First Education Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



John Grove
Accounting Officer
19 December 2018

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the 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 & Skills 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 19 December 2018 and signed on its behalf by:


Julian Coningham
Chair of Trustees

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY FIRST EDUCATION TRUST

Opinion

We have audited the financial statements of Quality First Education Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY FIRST EDUCATION TRUST

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY
FIRST EDUCATION TRUST

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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 those matters we are required to state to them in an Auditors' 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.



Tracey Young (Senior Statutory Auditor)
for and on behalf of
haysmacintyre
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

19 December 2018

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QUALITY FIRST EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Quality First Education Trust during the year 1 September 2017 to 31 August 2018 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 Quality First Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Quality First Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Quality First Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Quality First Education Trust's accounting officer and the reporting accountants

The Accounting Officer is responsible, under the requirements of Quality First Education Trust's funding agreement with the Secretary of State for Education dated 1 October 2011 for Belleville Primary School, 11 July 2017 for Belleville Wix Academy, 25 July 2017 for Alton School and 1 November 2017 for Churchfields Primary School, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the academy trust.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of credit card statements and expense claims.

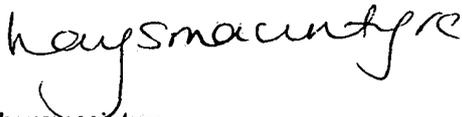
QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QUALITY
FIRST EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

- Review of minutes, bank certificates and related party declarations provided by Trustees and senior management.

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 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



haysmacintyre
Reporting Accountants
10 Queen Street Place
London
EC4R 1AG

Date: 19 December 2018

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

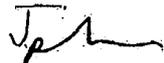
| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 3 | 44,894 | (392,000) | 16,310,745 | 15,963,639 | 10,974,512 |
| Charitable activities: | 4 | | | | | |
| Funding for the academy trust's educational operations | | 554,936 | 9,483,938 | - | 10,038,874 | 4,954,578 |
| Teaching schools | | 59,309 | 786,710 | - | 846,019 | 754,128 |
| Other trading activities | 5 | 461,679 | - | - | 461,679 | 128,444 |
| Investments | 6 | 509 | - | - | 509 | 2 |
| Other income | | 144,277 | - | - | 144,277 | 48,972 |
| TOTAL INCOME | | 1,265,604 | 9,878,648 | 16,310,745 | 27,454,997 | 16,860,636 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 87,468 | - | - | 87,468 | 78,280 |
| Charitable activities: | | | | | | |
| Academy Trust educational operations | | 1,138,109 | 10,299,805 | 773,430 | 12,211,344 | 5,696,837 |
| Teaching schools | | 33,042 | 470,843 | - | 503,885 | 659,488 |
| TOTAL EXPENDITURE | 8 | 1,258,619 | 10,770,648 | 773,430 | 12,802,697 | 6,434,605 |
| NET BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 6,985 | (892,000) | 15,537,315 | 14,652,300 | 10,426,031 |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | 1,114,000 | - | 1,114,000 | 624,000 |
| NET MOVEMENT IN FUNDS | | 6,985 | 222,000 | 15,537,315 | 15,766,300 | 11,050,031 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 1,582,532 | (1,927,000) | 21,658,779 | 21,314,311 | 10,264,280 |
| TOTAL FUNDS CARRIED FORWARD | | 1,589,517 | (1,705,000) | 37,196,094 | 37,080,611 | 21,314,311 |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07768645

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | 2018 | | 2017 | |
|--|------|--------------------|--------------------------|--------------------|--------------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 37,196,094 | | 21,658,779 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 22,973 | | 6,436 | |
| Debtors | 16 | 380,622 | | 451,960 | |
| Cash at bank and in hand | | 2,004,926 | | 1,653,454 | |
| | | <u>2,408,521</u> | | <u>2,111,850</u> | |
| CREDITORS: amounts falling due within one year | 17 | <u>(715,004)</u> | | <u>(504,318)</u> | |
| NET CURRENT ASSETS | | | <u>1,693,517</u> | | <u>1,607,532</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>38,889,611</u> | | <u>23,266,311</u> |
| Defined benefit pension scheme liability | 23 | | <u>(1,809,000)</u> | | <u>(1,952,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>37,080,611</u></u> | | <u><u>21,314,311</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted income funds | 18 | 104,000 | | 25,000 | |
| Restricted fixed asset funds | 18 | 37,196,094 | | 21,658,779 | |
| | | <u>37,300,094</u> | | <u>21,683,779</u> | |
| Restricted funds excluding pension liability | | <u>37,300,094</u> | | <u>21,683,779</u> | |
| Pension reserve | | <u>(1,809,000)</u> | | <u>(1,952,000)</u> | |
| Total restricted funds | | | <u>35,491,094</u> | | <u>19,731,779</u> |
| Unrestricted funds | 18 | | <u>1,589,517</u> | | <u>1,582,532</u> |
| TOTAL FUNDS | | | <u><u>37,080,611</u></u> | | <u><u>21,314,311</u></u> |

The financial statements on pages 25 to 52 were approved by the Trustees, and authorised for issue, on 19 December 2018 and are signed on their behalf, by:



Julian Coningham
Chair of Trustees

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | <u>323,373</u> | <u>403,777</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 509 | 2 |
| Purchase of tangible fixed assets | | - | (14,765) |
| Capital grants from DfE Group | | <u>27,590</u> | <u>13,666</u> |
| Net cash provided by/(used in) investing activities | | <u>28,099</u> | <u>(1,097)</u> |
| Change in cash and cash equivalents in the year | | 351,472 | 402,680 |
| Cash and cash equivalents brought forward | | <u>1,653,454</u> | <u>1,250,774</u> |
| Cash and cash equivalents carried forward | 21 | <u><u>2,004,926</u></u> | <u><u>1,653,454</u></u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Quality First Education Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------|---|-----|
| Leasehold property | - | 2% |
| Furniture and fixtures | - | 25% |

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.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

The academy 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 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.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1.15 Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from Churchfields Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed assets funds. Further details of the transaction set out in note 23.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2018.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 25,775 | - | - | 25,775 | 34,311 |
| Capital Grants | - | - | 27,590 | 27,590 | 13,666 |
| Transfer from local authority on conversion | 19,119 | (392,000) | 16,283,155 | 15,910,274 | 10,926,535 |
| | <u>44,894</u> | <u>(392,000)</u> | <u>16,310,745</u> | <u>15,963,639</u> | <u>10,974,512</u> |
| Total 2017 | <u>405,846</u> | <u>(576,000)</u> | <u>11,144,666</u> | <u>10,974,512</u> | |

4. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Funding for Academy's operational activities | - | 9,483,938 | 9,483,938 | 4,674,594 |
| Other educational income | 554,936 | - | 554,936 | 279,984 |
| Teaching school | 59,309 | 786,710 | 846,019 | 754,128 |
| | <u>614,245</u> | <u>10,270,648</u> | <u>10,884,893</u> | <u>5,708,706</u> |
| Total 2017 | <u>555,969</u> | <u>5,152,737</u> | <u>5,708,706</u> | |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 7,956,823 | 7,956,823 | 4,017,511 |
| Start-up grants | - | 25,000 | 25,000 | 50,000 |
| Other EFA grants | - | 573,572 | 573,572 | 134,083 |
| | - | 8,555,395 | 8,555,395 | 4,201,594 |
| Other government grants | | | | |
| Local authority grants - revenue | - | 928,543 | 928,543 | 473,000 |
| | - | 928,543 | 928,543 | 473,000 |
| Other funding | | | | |
| | - | - | - | - |
| | - | 9,483,938 | 9,483,938 | 4,674,594 |
| Total 2017 | - | 4,674,594 | 4,674,594 | |

5. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 405,122 | - | 405,122 | 90,264 |
| School uniform sales | 56,557 | - | 56,557 | 26,345 |
| Other income | - | - | - | 11,835 |
| | 461,679 | - | 461,679 | 128,444 |
| Total 2017 | 128,444 | - | 128,444 | |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income | 509 | - | 509 | 2 |
| Total 2017 | 2 | - | 2 | |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. CHARITABLE ACTIVITIES

| | Total funds 2018 £ | Total funds 2017 £ |
|---|-----------------------------|-----------------------------|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 5,728,478 | 2,816,035 |
| National insurance | 625,382 | 242,672 |
| Pension cost | 1,038,100 | 430,642 |
| Pension income | - | 2,000 |
| Depreciation | 745,840 | 411,697 |
| Educational supplies | 419,120 | 174,206 |
| Staff development | 42,416 | 12,991 |
| Educational consultancy | - | 22,643 |
| School visits and trip expenses | 84,936 | 74,799 |
| Teaching school (excluding salaries) | 503,885 | 382,317 |
| | <u>9,188,157</u> | <u>4,570,002</u> |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 931,421 | 497,481 |
| National insurance | 127,888 | 45,176 |
| Pension cost | 684,412 | 349,623 |
| Pension finance cost | 58,000 | 37,000 |
| Recruitment and support | 8,194 | 26,325 |
| Maintenance of premises and equipment | 158,511 | 102,701 |
| Clearing | 197,324 | 85,419 |
| Rates | 30,329 | 10,230 |
| Utilities | 170,451 | 66,299 |
| Insurance | 91,520 | 37,021 |
| IT costs | 93,571 | 78,506 |
| Security and transport | 20,436 | 22,546 |
| Catering | 593,071 | 257,565 |
| Bank interest and charges | 4,491 | 4,337 |
| Office costs | 212,170 | 53,088 |
| Professional costs | 56,359 | 35,851 |
| Other support costs | 72,559 | 11,014 |
| | <u>3,510,707</u> | <u>1,720,182</u> |
| | <u>12,698,864</u> | <u>6,290,184</u> |
| OTHER EXPENDITURE | | |
| Governance costs | 16,365 | 66,141 |
| | <u>12,715,229</u> | <u>6,356,325</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|---|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Expenditure on raising funds | - | - | 87,468 | 87,468 | 78,280 |
| Funding for Academy's educational activities: | | | | | |
| Direct costs | 7,391,960 | - | 1,796,197 | 9,188,157 | 4,568,002 |
| Support costs | 1,743,721 | 556,615 | 1,210,371 | 3,510,707 | 1,722,182 |
| Governance costs | - | - | 16,365 | 16,365 | 66,141 |
| | <u>9,135,681</u> | <u>556,615</u> | <u>3,110,401</u> | <u>12,802,697</u> | <u>6,434,605</u> |
| Total 2017 | <u>4,383,629</u> | <u>290,961</u> | <u>1,760,015</u> | <u>6,434,605</u> | |

9. NET MOVEMENT IN FUNDS

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 745,840 | 411,697 |
| Auditors remuneration - audit | 12,250 | 10,000 |
| Other fees payable to the auditor | 4,115 | 2,900 |
| | <u>762,205</u> | <u>424,600</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Wages and salaries | 6,576,684 | 3,220,953 |
| Social security costs | 753,270 | 287,848 |
| Operating costs of defined benefit pension schemes | 1,722,512 | 780,265 |
| | <u>9,052,466</u> | <u>4,289,066</u> |
| Apprenticeship levy | 14,176 | 7,195 |
| Agency staff | 69,039 | 85,368 |
| | <u>9,135,681</u> | <u>4,381,629</u> |

b. Staff numbers

The average number of persons employed by the academy during the year was as follows:

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| Teachers | 117 | 59 |
| Educational support | 157 | 53 |
| Administration and management | 19 | 16 |
| Premises | 6 | 4 |
| | <u>299</u> | <u>132</u> |

Average headcount expressed as a full time equivalent:

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| Teachers | 100 | 53 |
| Educational support | 87 | 25 |
| Administration and management | 17 | 12 |
| Premises | 5 | 3 |
| | <u>209</u> | <u>93</u> |

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | 2018 No. | 2017 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 2 |
| In the band £70,001 - £80,000 | 2 | 0 |
| In the band £100,001 - £110,000 | 1 | 0 |
| In the band £110,001 - £120,000 | 0 | 1 |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS (continued)

In the band £120,001 - £130,000 1 0

These employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff amounted to £70,437 (2017 - £49,405).

d. Key management personnel

Remuneration and benefits paid to key management personnel amounted to £735,090 (2017 - £777,366).

11. CENTRAL SERVICES

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

- Teaching staff
- Support staff
- Educational supplies
- Other costs

The academy charges for these services on the following basis:

Pupil numbers in each school was used to allocate all of the above costs.

The actual amounts charged during the year were as follows:

| | 2018 | 2017 |
|-----------------------------|----------------|-------------------|
| | £ | £ |
| Belleville Primary School | 378,611 | - |
| Belleville Wix Academy | 121,235 | - |
| Alton School | 83,349 | - |
| Churchfields Primary School | 174,526 | - |
| | <hr/> | <hr/> |
| Total | <u>757,721</u> | <u> </u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2018 £ | 2017 £ |
|---------------------------|----------------------------|-----------------|-----------------|
| John Grove - Head Teacher | Remuneration | 120,000-125,000 | 115,000-120,000 |
| | Pension contributions paid | 20,000-25,000 | 10,000-15,000 |
| Sarah Atherton | Remuneration | 20,000-25,000 | 65,000-70,000 |
| | Pension contributions paid | 0-5,000 | 10,000-15,000 |
| Geri Burke | Remuneration | | 30,000-35,000 |
| | Pension contributions paid | | 5,000-10,000 |

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - nil).

13. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme (2017 - cover was £10m)

14. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Furniture and fixtures £ | Motor vehicles £ | Total £ |
|---------------------------|----------------------------|--------------------------------|---------------------|-------------------|
| Cost or valuation | | | | |
| At 1 September 2017 | 23,085,933 | 150,985 | 42,690 | 23,279,608 |
| Transferred on conversion | 16,283,155 | - | - | 16,283,155 |
| At 31 August 2018 | <u>39,369,088</u> | <u>150,985</u> | <u>42,690</u> | <u>39,562,763</u> |
| Depreciation | | | | |
| At 1 September 2017 | 1,453,143 | 124,996 | 42,690 | 1,620,829 |
| Charge for the year | 733,105 | 12,735 | - | 745,840 |
| At 31 August 2018 | <u>2,186,248</u> | <u>137,731</u> | <u>42,690</u> | <u>2,366,669</u> |
| Net book value | | | | |
| At 31 August 2018 | <u>37,182,840</u> | <u>13,254</u> | <u>-</u> | <u>37,196,094</u> |
| At 31 August 2017 | <u>21,632,790</u> | <u>25,989</u> | <u>-</u> | <u>21,658,779</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Garantie)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. STOCKS

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 22,973 | 6,436 |

16. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | - | 5,492 |
| VAT due | 202,395 | 40,383 |
| Other debtors | 12,199 | 371,535 |
| Prepayments and accrued income | 166,028 | 34,550 |
| | <u>380,622</u> | <u>451,960</u> |

17. CREDITORS: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|--------------------------------------|----------------|----------------|
| Trade creditors | 6,359 | - |
| Other taxation and social security | 151,617 | 128,467 |
| Other creditors | - | 2,000 |
| Accruals and deferred income | 557,028 | 373,851 |
| | <u>715,004</u> | <u>504,318</u> |
| | 2018 £ | 2017 £ |
| Deferred income | | |
| Deferred income at 1 September 2017 | 170,102 | 182,100 |
| Resources deferred during the year | 267,138 | 170,102 |
| Amounts released from previous years | (170,102) | (182,100) |
| Deferred income at 31 August 2018 | <u>267,138</u> | <u>170,102</u> |

At the Balance Sheet date the academy trust had received grants in advance for the following year.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|-------------------|---------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | |
| General Funds | 1,582,532 | 1,265,604 | (1,258,619) | - | 1,589,517 |
| Restricted funds | | | | | |
| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
| General Annual Grant (GAG) | - | 7,956,823 | (7,956,823) | - | - |
| Other ESFA grants | - | 573,572 | (573,572) | - | - |
| Local authority grants | - | 928,543 | (928,543) | - | - |
| Teaching School | - | 786,710 | (682,710) | - | 104,000 |
| Start-up grants | 25,000 | 25,000 | (50,000) | - | - |
| Pension reserve | (1,952,000) | (392,000) | (579,000) | 1,114,000 | (1,809,000) |
| | <u>(1,927,000)</u> | <u>9,878,648</u> | <u>(10,770,648)</u> | <u>1,114,000</u> | <u>(1,705,000)</u> |
| Restricted fixed asset funds | | | | | |
| ESFA grant | - | 27,590 | (27,590) | - | - |
| Fixed asset fund | 21,658,779 | 16,283,155 | (745,840) | - | 37,196,094 |
| | <u>21,658,779</u> | <u>16,310,745</u> | <u>(773,430)</u> | <u>-</u> | <u>37,196,094</u> |
| Total restricted funds | <u>19,731,779</u> | <u>26,189,393</u> | <u>(11,544,078)</u> | <u>1,114,000</u> | <u>35,491,094</u> |
| Total of funds | <u>21,314,311</u> | <u>27,454,997</u> | <u>(12,802,697)</u> | <u>1,114,000</u> | <u>37,080,611</u> |

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

- General Annual Grant was received from the ESFA towards the academy's activities.
- Other ESFA grants were received to cover the costs of rates, free school meals, pupil premium and sports.
- Local authority grants consist mainly of SEN and early years grants.
- Teaching School grants consist of grants from the National Teaching College for Schools Direct Programme and the Collaborative Fund.
- Start-up grant was received in respect of Churchfields Primary School joining the MAT.
- The Fixed Asset Fund covers the costs of the charity's fixed assets.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | Total 2017 £ |
|--|--------------------|--------------------|
| Belleville Primary School | 1,426,238 | 1,205,605 |
| Belleville Wix Academy | 230,654 | 246,720 |
| Alton School | 105,558 | 155,207 |
| Churchfields Primary School | (68,933) | - |
| Total before fixed asset fund and pension reserve | 1,693,517 | 1,607,532 |
| Restricted fixed asset fund | 37,196,094 | 21,658,779 |
| Pension reserve | (1,809,000) | (1,952,000) |
| Total | 37,080,611 | 21,314,311 |

The following academy is carrying a net deficit on its portion of the funds as follows:

| Name of academy | Amount of deficit £ |
|-----------------------------|------------------------|
| Churchfields Primary School | 68,933 |

(This was the academy's first year within the MAT and had additional costs in that period.

The MAT is taking the following action to return the school to surplus:

The School is expecting lower costs in 2018/19 and is budgeted to make a surplus in 2018/19.

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy (excluding depreciation) during the year was as follows:

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2018 £ | Total 2017 £ |
|--------------------------------|--|-----------------------------------|------------------------------|---|--------------------|--------------------|
| Belleville Primary School | 3,150,028 | 706,433 | 147,525 | 1,395,807 | 5,399,793 | 5,805,343 |
| Belleville Wix Academy | 1,184,842 | 259,456 | 149,796 | 560,489 | 2,154,583 | 99,867 |
| Alton School | 1,143,447 | 333,751 | 41,668 | 232,765 | 1,751,631 | 117,698 |
| Churchfields Primary School | 1,464,938 | 197,041 | 68,306 | 262,847 | 1,993,132 | - |
| Central costs | 448,705 | 247,040 | 11,826 | 50,147 | 757,718 | - |
| | 7,391,960 | 1,743,721 | 419,121 | 2,502,055 | 12,056,857 | 6,022,908 |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|---------------------------------------|--|-------------------|--------------------|--------------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | | |
| Designated funds - Teaching School | 43,601 | - | - | (43,601) | - | - |
| General funds | 1,050,595 | 1,139,233 | (650,898) | 43,601 | - | 1,582,531 |
| | <u>1,094,196</u> | <u>1,139,233</u> | <u>(650,898)</u> | <u>-</u> | <u>-</u> | <u>1,582,531</u> |
| Restricted funds | | | | | | |
| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
| General Annual Grant (GAG) | - | 4,017,511 | (4,017,511) | - | - | - |
| Other ESFA grants | - | 134,083 | (134,083) | - | - | - |
| Local authority grants | - | 473,000 | (473,000) | - | - | - |
| Teaching School | - | 478,143 | (478,143) | - | - | - |
| Start-up grants | - | 50,000 | (25,000) | - | - | 25,000 |
| Pension reserve | (1,731,000) | (576,000) | (269,000) | - | 624,000 | (1,952,000) |
| | <u>(1,731,000)</u> | <u>4,576,737</u> | <u>(5,396,737)</u> | <u>-</u> | <u>624,000</u> | <u>(1,927,000)</u> |
| Restricted fixed asset funds | | | | | | |
| ESFA grants | 14,936 | 13,666 | (28,602) | - | - | - |
| Land and buildings on transfer | 10,886,147 | 11,131,000 | (358,368) | - | - | 21,658,779 |
| | <u>10,901,083</u> | <u>11,144,666</u> | <u>(386,970)</u> | <u>-</u> | <u>-</u> | <u>21,658,779</u> |
| Total restricted funds | <u>9,170,083</u> | <u>15,721,403</u> | <u>(5,783,707)</u> | <u>-</u> | <u>624,000</u> | <u>19,731,779</u> |
| Total of funds | <u>10,264,279</u> | <u>16,860,636</u> | <u>(6,434,605)</u> | <u>-</u> | <u>624,000</u> | <u>21,314,310</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|---------------------------------------|--|--------------------------|----------------------------|--------------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | | |
| Designated funds - Teaching School | 43,601 | 1,265,604 | (1,258,619) | (43,601) | - | 6,985 |
| General funds | 1,050,595 | 1,139,233 | (650,898) | 43,601 | - | 1,582,531 |
| | <u>1,094,196</u> | <u>2,404,837</u> | <u>(1,909,517)</u> | <u>-</u> | <u>-</u> | <u>1,589,516</u> |
| Restricted funds | | | | | | |
| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
| General Annual Grant (GAG) | - | 11,974,334 | (11,974,334) | - | - | - |
| Other ESFA grants | - | 707,655 | (707,655) | - | - | - |
| Local authority grants | - | 1,401,543 | (1,401,543) | - | - | - |
| Teaching School | - | 1,264,853 | (1,160,853) | - | - | 104,000 |
| Start-up grants | - | 75,000 | (75,000) | - | - | - |
| Pension reserve | (1,731,000) | (968,000) | (848,000) | - | 1,738,000 | (1,809,000) |
| | <u>(1,731,000)</u> | <u>14,455,385</u> | <u>(16,167,385)</u> | <u>-</u> | <u>1,738,000</u> | <u>(1,705,000)</u> |
| Restricted fixed asset funds | | | | | | |
| ESFA grants | 14,936 | 13,666 | (28,602) | - | - | - |
| | - | 27,590 | (27,590) | - | - | - |
| Land and buildings on transfer | 10,886,147 | 27,414,155 | (1,104,208) | - | - | 37,196,094 |
| | <u>10,901,083</u> | <u>27,455,411</u> | <u>(1,160,400)</u> | <u>-</u> | <u>-</u> | <u>37,196,094</u> |
| | <u>9,170,083</u> | <u>41,910,796</u> | <u>(17,327,785)</u> | <u>-</u> | <u>1,738,000</u> | <u>35,491,094</u> |
| Total of funds | <u><u>10,264,279</u></u> | <u><u>44,315,633</u></u> | <u><u>(19,237,302)</u></u> | <u><u>-</u></u> | <u><u>1,738,000</u></u> | <u><u>37,080,610</u></u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 37,196,094 | 37,196,094 |
| Current assets | 1,589,517 | 819,004 | - | 2,408,521 |
| Creditors due within one year | - | (715,004) | - | (715,004) |
| Pension scheme liability | - | (1,809,000) | - | (1,809,000) |
| | <u>1,589,517</u> | <u>(1,705,000)</u> | <u>37,196,094</u> | <u>37,080,611</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 21,658,779 | 21,658,779 |
| Current assets | 2,086,850 | 25,000 | - | 2,111,850 |
| Creditors due within one year | (504,319) | - | - | (504,318) |
| Provisions for liabilities and charges | - | (1,952,000) | - | (1,952,000) |
| | <u>1,582,531</u> | <u>(1,927,000)</u> | <u>21,658,779</u> | <u>21,314,311</u> |

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Net income for the year (as per Statement of Financial Activities) | 14,652,300 | 10,426,031 |
| Adjustment for: | | |
| Depreciation charges | 745,840 | 411,697 |
| Dividends, interest and rents from investments | (509) | (2) |
| (Increase)/decrease in stocks | (16,537) | 6,858 |
| Decrease/(increase) in debtors | 71,338 | (329,685) |
| Increase in creditors | 210,686 | 188,544 |
| Capital grants from DfE and other capital income | (27,590) | (13,666) |
| Defined benefit pension scheme obligation inherited | 392,000 | 576,000 |
| Defined benefit pension scheme cost less contributions payable | 521,000 | 232,000 |
| Defined benefit pension scheme finance cost | 58,000 | 37,000 |
| Fixed assets acquired on conversion | (16,283,155) | (11,131,000) |
| Net cash provided by operating activities | <u>323,373</u> | <u>403,777</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|-----------------------|------------------|------------------|
| Bank and cash in hand | 2,004,926 | 1,653,454 |
| Total | <u>2,004,926</u> | <u>1,653,454</u> |

22. CONVERSION TO AN ACADEMY TRUST

On 1 October 2017 Churchfields Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Quality First Education Trust from London Borough of Bromley for nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 gains in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| Leasehold land and buildings | - | - | 16,283,155 | 16,283,155 |
| Budget surplus/(deficit) on LA funds | 19,119 | - | - | 19,119 |
| LGPS pension (deficit) | - | (392,000) | - | (392,000) |
| Net assets/(liabilities) | <u>19,119</u> | <u>(392,000)</u> | <u>16,283,155</u> | <u>15,910,274</u> |

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and two Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by the London Borough of Wandsworth and the London Borough of Bromley. All are Multi-Employer Defined Benefit Pension Schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007,

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department of Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional income past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

The employer's pension costs paid to TPS in the period amounted to £517,000 (2017 - £430,642).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £553,000 (2017 - £146,623), of which employer's contributions totalled £421,000 (2017 - £195,000) and employees' contributions totalled £132,000 (2017 - £63,000). The agreed contribution rates for future years for the London Borough of Wandsworth Pension Scheme are 19% for employers and 7.5% for employees and 17.3% for employers and between 5.5% and 7.5% for employees in the London Borough of Bromley Pension Scheme.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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 the Balance Sheet date (expressed as weighted averages):

| | 2018 | 2017 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.70 % | 2.60 % |
| Rate of increase in salaries | 3.80 % | 4.20 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.70 % |
| Inflation assumption (CPI) | 2.30 % | 2.70 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 24.2 | 24.4 |
| Females | 26.1 | 26.0 |
| Retiring in 20 years | | |
| Males | 26.6 | 26.7 |
| Females | 28.5 | 28.3 |

| | At 31 August | At 31 August |
|--|--------------|--------------|
| | 2018 | 2017 |
| | £000's | £000's |
| Sensitivity analysis - effect on present value of total obligations | | |
| Discount rate +0.1% | (48) | (152) |
| Discount rate -0.1% | 58 | 167 |
| Mortality assumption - 1 year increase | 56 | 199 |
| Mortality assumption - 1 year decrease | (66) | (192) |
| CPI rate +0.1% | 44 | 48 |
| CPI rate -0.1% | (49) | (48) |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|------------------------------|---|---|
| Equities | 3,566,000 | 2,972,000 |
| Gilts | 190,000 | 187,000 |
| Corporate bonds | 552,000 | 418,000 |
| Property | 181,000 | 123,000 |
| Cash and other liquid assets | 27,000 | 28,000 |
| Multi-asset funds | 726,000 | 358,000 |
| Other | 101,000 | - |
| | <u>5,343,000</u> | <u>4,086,000</u> |

The actual return on scheme assets was £218,000 (2017 - £336,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2018 £ | 2017 £ |
|----------------------|--------------------|------------------|
| Current service cost | (942,000) | (425,000) |
| Admin expenses | (4,000) | (2,000) |
| Interest cost | (54,000) | (37,000) |
| | <u>(1,000,000)</u> | <u>(464,000)</u> |

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

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Opening defined benefit obligation | 6,038,000 | 3,988,000 |
| Transferred in on existing academies joining the trust | 776,000 | 1,640,000 |
| Current service cost | 942,000 | 425,000 |
| Interest cost | 175,000 | 91,000 |
| Employee contributions | 132,000 | 63,000 |
| Change in assumptions | (896,000) | (154,000) |
| Estimated benefits paid plus unfunded net of transfers in | (15,000) | (15,000) |
| | <u>7,152,000</u> | <u>6,038,000</u> |

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

| | 2018 | 2017 |
|---|------------------|------------------|
| | £ | £ |
| Opening fair value of scheme assets | 4,086,000 | 2,257,000 |
| Transferred in on existing academies joining the trust | 384,000 | 1,064,000 |
| Interest on assets | 121,000 | 54,000 |
| Return on assets less interest | 218,000 | 470,000 |
| Employer contributions | 421,000 | 195,000 |
| Employee contributions | 132,000 | 63,000 |
| Estimated benefits paid plus unfunded net of transfers in | (15,000) | (15,000) |
| Administration expenses | (4,000) | (2,000) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | <u>5,343,000</u> | <u>4,086,000</u> |

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. TEACHING SCHOOL TRADING ACCOUNT

| | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|-----------|----------------|-----------|---------------|
| INCOME | | | | |
| DIRECT INCOME | | | | |
| Grants from National Teaching College | 786,710 | | 598,688 | |
| OTHER INCOME | | | | |
| Other contracts | 59,309 | | 155,440 | |
| TOTAL INCOME | | 846,019 | | 754,128 |
| EXPENDITURE | | | | |
| Other direct costs | 503,885 | | 478,143 | |
| OTHER EXPENDITURE | | | | |
| Allocation of overheads | 211,867 | | 221,345 | |
| TOTAL EXPENDITURE | | 715,752 | | 699,488 |
| SURPLUS FROM ALL SOURCES | | 130,267 | | 54,640 |
| TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017 | | 54,640 | | - |
| TEACHING SCHOOL BALANCES AT 31 AUGUST 2018 | | <u>184,907</u> | | <u>54,640</u> |