

The Elliot Foundation Academies Trust

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the period ended
31 August 2013

THURSDAY



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20/02/2014

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COMPANIES HOUSE

Company Registration Number
08116706 (England and Wales)

The Elliot Foundation Academies Trust

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The Elliot Foundation Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Dr C Whalley (Chairman) (Appointed 22 June 2012)
The Elliot Foundation (Appointed 22 June 2012)
H Greenway (Appointed 22 August 2012)
Dr R Barr (Appointed 22 June 2012)
R Jones (Appointed 22 June 2012)
R Anderson (Appointed 22 June 2012)
P Martin (Appointed 22 June 2012)

Members

Dr C Whalley (Chairman)
H Bedford
H Greenway
The Elliot Foundation

Members of the Finance and Audit Committee

Dr C Whalley
H Bedford
H Greenway
Dr R Barr
R Jones
R Anderson
P Martin
D Gallie (Chairman)

Company Secretary

Browne Jacobson LLP

The Elliot Foundation Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Management Team

Managing Director and Accounting Officer	H Greenway
Director of Finance	Dr R Barr
Human Resources and Governance Director	R Anderson
Estates Director	P Martin
Education Director	R Jones
Programme Director	A Kreppel

Principal and Registered Office

1 Naoropi Street
London
WC1X 0GB

Company Registration Number

8116706 (England and Wales)

Independent Auditor

Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Bankers

Lloyds Bank plc
Registered Office
25 Gresham Street
London
EC2V 7HN

Solicitors

Browne Jacobson LLP
Victoria Square House
Victoria Square
Birmingham
B2 4BU

The Elliot Foundation Academies Trust

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 22 June 2012 to 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust (Incorporated on 22 June 2012) is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of the Elliot Foundation Academies Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Elliot Foundation Academies Trust ("TEFAT").

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

TRUSTEES' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover liability of Trustees by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

Any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £15,000,000. See note 9 for further details.

PRINCIPAL ACTIVITIES

The Company's activities are advancing for the public benefit education by

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Trustees of the Company shall comprise

- a) the Sponsor who is a Member of the board of the Elliot Foundation,
- b) up to five persons who may be appointed by the Sponsor,
- c) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose,
- d) the chairman of the Directors, and
- e) any person appointed under provisions of the paragraphs below

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES (CONTINUED)

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

Their right to appoint Trustees under these Articles shall vest in the remaining Trustees if

- a) in the case of an individual, die or become legally incapacitated,
- b) in the case of a corporate entity, cease to exist and are not replaced by a successor institution, or
- c) becomes insolvent or makes any arrangement or composition with their creditors

Trusteeship will terminate automatically if a

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

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

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided to new Trustees will depend upon their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are, at most, two or three new Trustees a period, induction is informal and tailored specifically to the individual. All Trustees are DBS checked on appointment.

Trustees are given wide access to TEFAT shared computer drive. This provides Trustees with information they need to fulfil their role in governance of the Trust.

ORGANISATIONAL STRUCTURE

The Trustees of TEFAT establish the overall framework for the governance of the Trust and academies included within the Trust. The Board TEFAT determines Trusteeship, terms of reference and procedures of Committees and other groups and approves all TEFAT policies. The delegation of responsibility and authority is set out within the comprehensive Elliot Foundation Academies Trust Scheme of Delegation. This includes delegation to the Managing Director, who is also TEFAT Accounting Officer, Directors and other employees of TEFAT.

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

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

ORGANISATIONAL STRUCTURE (CONTINUED)

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

Currently there is only one Elliot Foundation Academies Trust Sub Committee that is the Finance and Audit Committee. This meets at least once a term. The remit of this Committee covers all Academies within TEFAT as well as the Head Office. The chair of the Committee is a Board Director; other members of the Committee are appointed by the Board and includes the Finance Director. The purpose of the Finance and Audit Committee is to assist the decision making of the Board, by enabling more detailed consideration to be given the best means of fulfilling the Board's responsibility to ensure sound management of each academy's finances and resources, including proper planning, monitoring and probity. It also incorporates the role of an Audit Committee.

RISK MANAGEMENT

The Board of TEFAT has established systems for risk assessment and review of management arrangements. All risks associated with the operations of TEFAT are included in TEFAT risk register along with an assessment of likelihood and impact and details of any mitigating action. Ownership of risks is identified to a specific Trust Director. Each Director's risks are reviewed in rotation at the Director's weekly operations meeting so that each risk is re-assessed at least every six weeks.

Risk assessment and management is an essential part of the process of engaging with schools as prospective academies. A risk profile is established for all potential Elliot Foundation Academies Trust academies. This profile is used to inform decisions on prospective Elliot Foundation Academies Trust academies.

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

TEFAT risk register includes over 44 risks. None score high in both impact and likelihood. Nevertheless, about 1/3 are in the category below the highest. These include:

- Finance: financial sustainability if the rate of growth is too slow, the impact of the increasing cost of pensions and the reputational damage caused by a critical external audit.
- Human Resources and Governance: the impact of the loss of key academy or central staff and poor performing staff.
- Education: lack of improvement in educational performance or attendance, breakdown in relationship with an academy principal and changes to national assessment criteria.
- Premises and facilities management: unaffordable building maintenance programmes, failure of academy building fabric and variable premises management expertise within academies.
- Overall risk for all Directors: failure to deliver undermines confidence of academy Governors and staff in TEFAT and changes in central government policy undermines TEFAT business model.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

CONNECTED ORGANISATIONS, INCLUDING THIRD PARTY RELATIONSHIPS

TEFAT is founded upon a partnership ethos and is currently building partnerships with

- Barnet, Sandwell, Birmingham, Walsall, Oxfordshire, Cambridgeshire and Peterborough local authorities which includes
 - Signing of concordats and collaborative agreements
 - Developing integrated school support and building cross Local Authority (LA) networks
 - Working together to improve schools that are not part of TEFAT
 - Collaborating on targeted provision to support community cohesion
- The Colmore Teaching Schools Alliance with whom we are developing a range of CPD programmes
- Guru Nanak Nishkam Sewak Jatha for whom we are building a network of support for a Sikh ethos, multi faith primary schools
- Hounslow Language Service, who support a number of our schools with English as an Additional Language
- The National College with whom we have arranged school/academy conferences
- ACS who run an international school in Hillingdon and whose educational charity the Centre for Inspiring Minds is working with us to support action research by our teachers
- Teaching and non-teaching unions – we are the only sponsor to be endorsed by the NAHT and we have a national agreement with all the other relevant unions

The Elliot Foundation (TEF) is registered as a charity TEF is a related party by virtue of H Greenway's common Trusteeship It has the overall role of setting the philosophy, ethos and values of The Elliot Foundation which guide the way the Board and staff of TEFAT manages academies It is the vehicle for fundraising for TEF activities It provides a way to undertake activities relevant to the TEF mission that might conflict with the requirements of the TEFAT funding agreement

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

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

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

TEFAT is rare among charitable multi-academy Trust's as a primary only specialist We are building a thriving alliance of both converter and sponsored primary academies and are already making a contribution to raising educational standards nationally

We have been supported by donations and voluntary contributions including

- DfE capacity grant
- Central London office space for nine months donated by Burofour with a value of £11,250
- Central office systems set up by Virtuoso IT
- Over £200,000 in cash contributed by the founders
- Over 7,000 hours of pro bono work donated by the founder directors with a value of £465,000
- Over £100,000 in donation from supporters of our work

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

OBJECTS AND AIMS (CONTINUED)

Reaching break-even

The finances of TEFAT plans to break even once it grows to 15 open academies. At this point the monthly net cost of the central head office operations of TEFAT will be exceeded by the aggregate monthly management charges from TEFAT academies. A critical objective for the first period of operation to 31 August 2013 was to grow to this breakeven size. Implementing a resilient and enduring approach.

One size does not fit all

A top down model tends to inhibit innovation in teaching, learning, school leadership and administration. Ultimately, outcomes under any one approach will plateau. This is why we do not mandate any one particular curriculum or any one particular approach to school organisation.

Localism linked to national strengths

Networks provide an active and powerful context within which to support individual schools to improve to outstanding and beyond. We believe that the best way to build an enduring and self-improving system is to promote variance and comparison within a framework of high expectations. Encouraging diversity and creating a culture of exchange allows tomorrow's solutions to emerge. Schools can then develop their own best practice based on their own context rather than having one imposed upon them from the outside that may not suit their needs. This encourages innovation at both a macro and micro level, in the classroom itself and across a network of schools. Building performance within a network is a more resilient model for school improvement than the existing models of one-to-one support (outstanding academy to 'failing' academy or local authority school improvement partner to 'failing' school) as expertise is distributed and methods and interventions easily shared.

Helping the most disadvantaged

The majority of our schools will be in areas of multiple deprivations. Our first primary cluster is in Walsall (30th most deprived local authority out of 327 in 2010), Sandwell (12th most deprived) and Birmingham (various in the top 20% most deprived). Our second cluster is in London and the third in Cambridgeshire.

The national average incidence of Free School Meals (FSM) in primary schools is 15.9%. The schools joining the first clusters in TEFAT average 41.2%. The children, the schools and the communities helped by TEFAT will be amongst the most economically, socially and educationally disadvantaged in the UK.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

OBJECTS AND AIMS (CONTINUED)

School improvement & Key Performance Indicators

TEFAT has developed a dynamic school improvement process (InSTEP) to achieve the outcomes described below

- Within one year of launch the percentage of TEFAT schools within a cluster below floor targets will have halved
- Within three years no sponsored school will be below floor targets
- Within one year the KS2 outcomes in English and Maths should rise in our sponsored academies by a minimum of 10% and continue accelerated progress until they reach and exceed national expectations
- Within one year all pupils, including those with special educational needs, should make rapid and sustained progress in most subjects
- Any TEFAT academy that is in an OFSTED category at the time of sponsorship will be lifted out of category by the time of its next inspection
- TEFAT converter academies will maintain or improve their OFSTED ratings
- TEFAT converter academies will attain a minimum of 85% of children achieving minimum two levels of progress at KS2

However, one of the cornerstones of TEFAT will be to define success more broadly than KS2 targets alone and we would also expect improvements in the following areas

- School planning and innovation
- School self-evaluation and ability to review and monitor progress Governance for continuous improvement
- Quality of teaching
- Evidence based decision making including use of data to track pupil progress
- Attendance
- System leadership - contributing to the raising of standards and school improvement more generally across and beyond TEFAT

OBJECTIVES, STRATEGIES AND ACTIVITIES

TEFAT opened its first academy in September 2012. The target for the Trustees of TEFAT is to have adopted 30 academies by April 2015. The Academy Trust's priorities for TEFAT are associated with the first two phases of growth as a start-up

Phase 1 Launch: April to September 2012

The four key priorities for the first five months of TEFAT up to the opening of the first Elliot Foundation Academies Trust were

- 1 Set up TEFAT head office, systems and build capacity
- 2 Complete adoption of the first five-academy cluster in West Midlands
- 3 Create the systems to broker and match schools with expertise to schools with needs
- 4 Secure new academies taking three to six months in engagement and then three to six months to convert

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

OBJECTIVES, STRATEGIES AND ACTIVITIES (CONTINUED)

Phase 2 Growth: September 2012 to August 2013

In the growth phase the aim was to reach 15 academies or more and secure the future of the organisation. Key priorities were

- 1 Ensure monitoring, support and challenge of all academies, identify areas for improvement
- 2 Implement effective intervention
- 3 Develop and implement mechanisms for brokering and sharing expertise between schools within the new cluster

PUBLIC BENEFIT

The Trustees of TEFAT confirm that they have complied with the duty in the Charities (Accounts and Reports) Regulations 2008 to have due regard to the Charity Commissioners general guidance on Public Benefit in exercising their powers and duties. They have referred to this guidance when reviewing the Trust's aims and objectives in planning its future activities.

These are set out explicitly in TEFAT constitution, specifically advancing for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by

- i) establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum (the "Academies"),
- ii) providing childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children primarily but not exclusively under five in such a way that they are better able to identify and help meet the needs of children, and
- iii) promoting the physical, intellectual and social development of primarily but not exclusively children under five especially those who are socially and economically disadvantaged, developing the capacity and skills of those inhabitants of the United Kingdom who are socially and economically disadvantaged in such a way that they are better able to identify, and help meet their needs and to participate more fully in society

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE

While growth of the Academy Trust was slower than planned, as a result of a more rigorous assessment of conversion proposals introduced by the Department for Education in early 2013, the Trust had 13 academies open or soon to open by 31 August 2013 with at least two more at close to deciding to convert at the same date

The results for those Elliot Foundation Academies Trust open by July 2013 show overwhelmingly that performance is improving on almost all measures, see below

Bulkeley Data taken from RAISE online for 2010/11 and 2011/12 plus provisional 2012/13 data <table> <tr> <th>VO All Pupils</th><th>2010/11</th><th>2011/12</th><th>2012/13</th></tr> <tr> <td>EF&MA L4s</td><td>48%</td><td>79%</td><td>83%</td></tr> <tr> <td>En2 levels progress</td><td>66%</td><td>96%</td><td>94%</td></tr> <tr> <td>M22 levels progress</td><td>69%</td><td>94%</td><td>94%</td></tr> <tr> <td>En13+ levels progress</td><td>n/a</td><td>38%</td><td>32%</td></tr> <tr> <td>M213+ levels progress</td><td>n/a</td><td>38%</td><td>35%</td></tr> <tr> <td>APS All Subjects</td><td>24.8</td><td>27.8</td><td>27.6</td></tr> <tr> <th>VO FSM/PP Pupils</th><th>2010/11</th><th>2011/12</th><th>2012/13</th></tr> <tr> <td>EF&MA L4s</td><td>53%</td><td>78%</td><td>61%</td></tr> <tr> <td>En2 levels progress</td><td>69%</td><td>94%</td><td>90%</td></tr> <tr> <td>M22 levels progress</td><td>83%</td><td>94%</td><td>95%</td></tr> </table>	VO All Pupils	2010/11	2011/12	2012/13	EF&MA L4s	48%	79%	83%	En2 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These results demonstrate success in the Company's public benefit education objectives set out on page 6. They show we are supporting individual schools to outstanding and beyond (see under localism linked to national strengths page 7). As all TEFAT academies are in areas of multiple deprivation we are clearly succeeding in helping the most disadvantaged (page 7).

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

GOING CONCERN

Financial viability of TEFAT relies upon the Trust increasing to 15 academies. At the time signing this report 13 academies had converted to become Elliot Foundation Academies Trust academies. The 14th Elliot Foundation Academies Trust academy will open in March 2014, we anticipate the decision by the Governing Body of another school to join TEFAT in early January 2014 and TEFAT has successfully bid to run a new build primary academy from September 2014.

Over 96% of TEFAT funding is provided by the Department for Education (DfE). The present Government is significantly reforming the financing system for Education with effect from the 2013-14 academic year. The budgets set for 2013-14 indicate small surpluses for the Trust during these conditions in 2013-14.

While uncertainties and risks clearly exist, and are described elsewhere within this report, Trustees of TEFAT have been able to gain confidence in the Trust's basis as a going concern. The Board of TEFAT have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing annual financial statements.

While we had not fully achieved our objective of reaching 15 open academies by 31 August 2013 we have 13 open at the date of signing the report and a further 2 expected to open in the within the following three months. From this point the breakeven will have been achieved.

KEY FINANCIAL PERFORMANCE INDICATORS

As described above the first period of operation of TEFAT to 31 August 2013 was a start-up phase. Only the first academy was open as an Elliot Foundation Academies Trust academy for a full year. All other academies open as at 31 August 2013 were open for a part of the year. As the brought forward balances of new academies could not be established accurately until some 12 weeks after the academies open any financial targets relating to financial reserves cannot be precise.

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

<u>Key Performance Indicator</u>	<u>Target</u>	<u>Actual</u>
Number of Elliot Academies open or soon to open as at 31 August 2013	15	13
Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) % of GAG income	Greater than or equal to 5%	10%
Total Pay as % of Total Revenue Income	Greater than 60%	57%
Key Stage 2 level 4 + for academies open as at February 2013	80%	80%

The slower than anticipated growth in the number of academies, described earlier, was a result of more rigorous assessment by officials at the Department for Education. The consequence of this was a shortfall in management charge income for The Elliot Foundation Academies Trust central operations leading to a net revenue deficit for the period. Nevertheless, the revenue reserves for open academies were higher than anticipated. The net reserves figure is therefore double the target.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

KEY FINANCIAL PERFORMANCE INDICATORS (CONTINUED)

The total pay as a percentage of total revenue income is lower than target. This is also a result of the slower growth because head office expenditure (for which staffing costs represent a much lower proportion of total costs) is a larger proportion of Trust total costs for the period.

The key stage level 2+ measures have been used for academies open by February 2013. TEFAT would have had time to influence the summer term results of its academies open later than this. Nevertheless the detailed performance of Elliot Foundation Academies Trust academies described above is very good with almost all academies improving almost all measures.

FINANCIAL REVIEW

TEFAT is a multi-academy Trust including exclusively primary phase academies. It has no other business or charitable activity apart from the delivery of education for children from the ages of 2 to 11 in a growing number of primary phase academies within clusters of 5 to 20 across England. At 31st August 2013 TEFAT had 9 academies open and 4 shortly to open in three clusters, the West Midlands, London and East Anglia.

The vast majority of the Trust's income is obtained from the DfE via the Education Funding Agency (EFA) in the form of recurrent grants to the Trust's academies (Revenue and Capital), the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities.

The three other sources of income relate to the start-up of TEFAT and the conversion of Trust academies. Expenditure related to the conversion of academies and, where relevant, supporting improvement of academy on conversion is met from DfE specific grants restricted to specific academies. TEFAT was the first recipient of the DfE's sponsor capacity grant and received £150,000 in the period to 31st August 2013. Finally, sponsor donations totalling £251,800 were used to support start-up costs of TEFAT.

In addition to the funding described above the start-up of TEFAT relied heavily upon contributions in the form of deferred fees relating to the work of Trustees. The total value of these contributions for the period to 31st August 2013 was £464,950.

The total value of grants for capital additions for the period to 31st August 2013 was £29,721 and was largely the devolved formula capital funding provided by the DfE for Trust academies. These are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's Accounting Policies.

During the period ended 31 August 2013 total expenditure of £8,216,613 was covered by recurrent grant funding from the EFA, together with incoming resources of £8,508,756. The excess of income over expenditure for the period (excluding restricted fixed asset funds and the restricted pension reserve) was £1,486,994. This reflected robust budget management and provides the first year foundation for reserves set aside to meet future priorities and capital projects. All of these surpluses relate to income and expenditure within academies in the period 31st August 2013.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

At 31st August 2013 the net book value of fixed assets was £18,085,287 and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the Academy.

The land, buildings and other assets were transferred to the Trust upon conversion of each academy. Land was valued as at the date of conversion at £560,000 and buildings were valued at the same time at £17,655,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful economic life.

The balance of former schools' budget share, £848,207, was transferred across on conversion and is shown as Unrestricted Funds.

TEFAT has introduced the deficit in the Local Government Pension Schemes in respect of its non-teaching staff transferred on conversion. The deficit included within the Statement of Financial Activities with details in note 22 to financial statements.

Key financial policies adopted or reviewed during the period cover Asset and Depreciation, Finance Procedures and regulations are set out within TEFAT Finance Manual. In addition the Trust has approved policies on Fraud, Whistle blowing, Hospitality and Expenses and charges. TEFAT Manual sets out the framework for financial management, including financial responsibilities of Trustees, Directors, Principals and finance staff centrally and in academies. Delegated financial responsibilities are set out within TEFAT scheme of delegation. Procedures and guidance on purchasing and procurement are described in TEFAT procurement guide.

TEFAT has adopted Responsible Officer arrangements to undertake a programme of internal checks on financial controls and processes. A range of appropriate local organisations provide these services to individual academies. The programme of work was limited during the first year but will involve termly Responsible Officer visits to open academies from the start of the 2013-14 academic years.

TEFAT has a strategic approach to robust financial management and budgetary control whilst continuing to invest in Human and Physical resources to sustain development priorities within trust academies, clusters and nationally. The Trust will have reached 15 open academies well before 31st August 2014 and from this point monthly management charges of 6% of General Annual Grant will exceed monthly expenses of central operations. Our target is to continue to grow to 50 open Academies by April 2015. The Trust aims to keep central operations lean and limit the expenditure on central services as follows:

	% of GAG
Education	1.80
HR and Governance	0.80
Finance	1.50
Programmes, estates and facilities management	0.65
Head office and Business Development	0.95
Contribution to Reserves	<u>0.30</u>
Total	6.00

The contribution to reserves centrally is estimated to be approximately £350,000 to £400,000 per annum for 50 open academies. Each academy is expected to budget for a 5% per annum contribution to its own reserves.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

TEFAT has a risk management strategy and risk registers covering its major areas of activity. These are described in detail above.

No current or soon to open Trust academy faces any financial risk associated with falling rolls. A few academies had declining rolls on conversion and in all cases this decline has been reversed. Over half open academies are working with the relevant local authority to increase planned admission numbers to meet local shortages of primary places. It is anticipated that expansion of pupil numbers is an opportunity to strengthen finances of academies. Nevertheless at the same time the uncertainties relating to the next stage of the reform of school funding arrangements, the freeze on the Government's overall education budget, changes in funding arrangements for special needs pupils and increasing employment and premises costs are all contributing to cost pressure in future periods, which increases the importance of maintaining robust levels of revenue reserves.

The Trust examines the financial health of each academy at each meeting once a term reviewing expenditure against budget and reports by exception on academy financial performance. More detailed scrutiny is undertaken by the Finance and Audit Committee at least termly where information from review of management accounts is considered with other information from Responsible Officer reviews, monitoring of financial activity by central Trust finance staff, financial self assessment by academy Principals and academy finance staff. The Trust also reviews cash flow forecasts for the Trust central operations, in particular, at each meeting.

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

The Trust recognises that the defined benefit schemes deficits (Local Government Pension Schemes), which is set out in note 22 to the financial statements, represents a significant potential liability. However, as the Trustees of the Trust consider that TEFAT is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable.

The principal risks and uncertainties facing the Trust have been summarised above.

RESERVES AND INVESTMENTS POLICY

The Trustees adopt a strategic and pragmatic approach to the Academy Trust's reserves policy. The Academy Trust's target for net reserves is greater than or equal to 5% of GAG income. As at 31 August net reserves were 10% of GAG income.

Trustees of the Trust monitor the level of reserves at each Trust meeting and will examine reserve levels of the Trust's central operations in detail annually. The detailed review will encompass the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the various elements and strategic uses for different layers of reserves. Trustees of the Trust take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. While the financial arrangements for academies are less complex, each local governing body is required to undertake an examination of its level of reserves as part of its financial management arrangements.

For the period to 31st August 2013 the Trusts had a policy of keeping liquid cash reserves in current accounts as it grew and understood the nature of the financial risks associated with conversion and maintaining academies. Furthermore low interest rates meant that the financial benefits of investments were modest. Now these risks are understood and actively managed, the Trust is working with its bankers to determine an investment strategy that will enable the Trust investment income from its revenue reserves without increasing the risk of running out of cash.

The Trust's total reserves at the Balance Sheet date at 31st August 2013 was £14,304,276.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

RESERVES AND INVESTMENTS POLICY (CONTINUED)

The period (1st April 2012 to 31st August 2013) was the first period of trading for the Trust. Therefore the funds balance includes the net value of inherited Assets and Liabilities on conversion of Trust academies amounting to £13,995,412. Excluding net inherited asset leaves residual reserves of £308,864. After allowance for Fixed Asset reserves of £18,115,008 and Pension Deficit reserve of £5,251,000, the remaining reserves amounts to £1,440,268 (£727,518 Restricted and £712,750 Unrestricted).

PLANS FOR FUTURE PERIODS

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

TEFAT aims to grow beyond the 15 academies open and planned to be open to some 50 open academies by April 2015. By this time it is planned that each of the three clusters will be thriving with 10 to 20 academies in each. It is also anticipated that we will be working with local authorities to expand planned admission numbers in a third or more academies to meet basic need locally.

Improvement targets for each academy, at the outset, will be for each academy converting with a "required to improve" or worse Ofsted judgement to be "good" within 18 months. The quality of financial administration is expected to show similar improvement within 18 months of opening. From the 2013-14 academic year we have established more detailed expectations for improving academies described in detail above.

Following a comprehensive review of the condition of the fabric of the Trust academies during 2013-14 we will be putting into place a capital programme to maintain the fabric of buildings.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as Custodian Trustees of any other Charity.

DISABLED PERSONS

The Academy Trust's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Employees who become disabled are retained in existing posts where possible.

Procedures relating to training, career development and promotion are adapted to ensure that the employment policies outlined below are fully available equally for disabled and non-disabled employees.

EMPLOYMENT POLICY

The Academy Trust depends on the skills and commitments of its employees to perform well.

Selection and development procedures are designed to ensure equal opportunities exist for all applicants and employees regardless of gender, marital status, race, age or disability, decisions being based on an individual's aptitude and ability.

Employees are kept well informed and encouraged to discuss matters of concern.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (CONTINUED)

AUDITORS

The auditors, Baker Tilly UK Audit LLP, were appointed as auditors to the company during the period, and have indicated their willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the board of Trustees at its meeting on 19 December 2013 and signed on its behalf by



C Whalley
Chairman

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Managing Director, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between TEFAT and the Secretary of State for Education. 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 Board of Trustees has formally met 10 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Committee member	Meetings attended	Out of possible
Henry Bedford (representing TEF)	9	10
Caroline Whalley (Chair)	9	10
Hugh Greenway (Managing Director)	9	10
Dr Robert Barr (Director of Finance)	9	10
Robert Anderson (Director of Human Resources and Governance)	9	10
Rachel Jones (Director of Education)	9	10
Patricia Martin (Director of Asset Management and Health and Safety)	0	10
Andrew Kreppel (Programmes Director)	6	10
Kathy James (Representative of the National Association of Head Teachers)	0	10

The finance and Audit Committee is a sub-committee of the main board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of each academy's finances and resources, including proper planning, monitoring and probity. During the year David Gallie, who is a Senior Finance Professional working for the Greater London Authority, joined the Committee. Attendance at meeting in the year is as follows:

Committee member	Meetings attended	Out of possible
David Gallie (appointed 26 June 2013)	3	3
Henry Bedford (representing TEF)	4	4
Hugh Greenway	4	4
Dr Robert Barr	4	4
Robert Anderson	3	4
Rachel Jones	3	4
Andrew Kreppel	1	4

The Academy Trust is currently reviewing the membership of the finance and audit committee.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in TEFAT for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT (CONTINUED)

CAPACITY TO HANDLE RISK

The TEFAT Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the TEFAT Board.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint for each academy a Responsible Officer or Responsible Officer service to provide the TEFAT Board Independent oversight of the financial reporting and wider internal controls vested in the management and overseen by the Board, at both Head Office and individual academies.

The Responsible Officer arrangements will provide reports to the local governing body concurrently with reporting to the TEFAT Board so that the local governing body receives independent assurance on the effectiveness or otherwise of financial administration within each TEFAT academy from 2013/14.

The first four TEFAT academies opened in the Autumn of 2012. At the same time the TEFAT board put in place the first part of a systematic approach to gaining assurance over the finances and financial administration of TEFAT academies and central functions with the appointment of Baker Tilly as the external auditor and the establishment of the Finance and Audit Committee.

During the spring term of 2013 arrangements for Responsible Officer were established for the West Midlands academies using local service providers. These included the organisations currently providing accountancy support. In this early stage the Responsible Officer work focuses on testing compliance and key internal controls.

In the summer terms the Finance and Audit Committee agreed to a systematic approach to assessing and reporting on the quality of financial administration of academies following conversion. This includes an assessment by the Director of Finance and his staff of the strengths and weaknesses and challenges facing each academy within the first term of after conversion. Thereafter each academy would be the subject of a termly assessment using information from

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

From 2014 we intend to develop and strengthen these arrangements to enhance the capability of the Finance and Audit Committee to monitor and assess the quality and effectiveness of financial administration across TEFAT.

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT (CONTINUED)

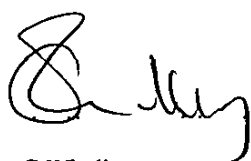
REVIEW OF EFFECTIVENESS

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

- the work of the senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework
- the work of the external auditor
- the financial management and governance self-assessment process and the processes described above

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

Approved by order of the members of the Board of Trustees on 19 December 2013 and signed on its behalf by



C Whalley
Chairman



H Greenway
Accounting Officer

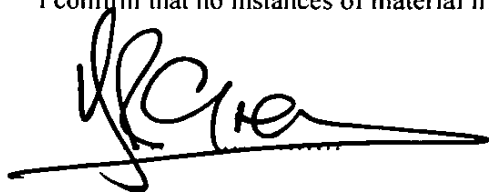
The Elliot Foundation Academies Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the 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

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



H Greenway
Accounting Officer

Date 19 December 2013

The Elliot Foundation Academies Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are also the directors of the Charitable Company for the purposes of company law and are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction 2013 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

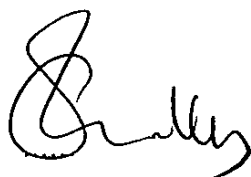
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 19 December 2013 and signed on its behalf by



C Whalley
Chairman

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE ELLIOT FOUNDATION ACADEMIES TRUST

We have audited the financial statements of The Elliot Foundation Academies Trust for the period ended 31 August 2013 on pages 24 to 61. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES' AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the governors (who act as trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE ELLIOT FOUNDATION ACADEMIES TRUST (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Baker Tilly UK Audit LLP

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

19 December 2013

The Elliot Foundation Academies Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the period ended 31 August 2013

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	1	22,738	310,032	29,721	362,491
Voluntary income - transfer from local authorities on conversion	24	848,207	(5,139,000)	18,286,205	13,995,412
Activities for generating funds	2	191,238	-	-	191,238
Investment income		646	-	-	646
Income from charitable activities					
Academy Trust's educational operations	3	-	8,015,152	-	8,015,152
TOTAL INCOMING RESOURCES		1,062,829	3,186,184	18,315,926	22,564,939
RESOURCES EXPENDED					
Cost of generating funds					
Costs of generating voluntary income	4	43,868	-	-	43,868
Fundraising trading	4	306,211	-	-	306,211
Charitable activities					
Academy Trust's educational operations	4, 5	-	7,409,265	247,644	7,656,909
Governance costs	4, 6	-	209,625	-	209,625
TOTAL RESOURCES EXPENDED		350,079	7,618,890	247,644	8,216,613
NET INCOMING RESOURCES BEFORE TRANSFERS					
Gross transfers between funds	13	-	(46,726)	46,726	-
NET INCOME/(EXPENDITURE) FOR THE PERIOD		712,750	(4,479,432)	18,115,008	14,348,326
OTHER RECOGNISED GAINS AND LOSSES					
Actuarial losses on defined benefit pension schemes	22	-	(13,000)	-	(13,000)
NET MOVEMENT IN FUNDS		712,750	(4,492,432)	18,115,008	14,335,326

The Elliot Foundation Academies Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) (CONTINUED)

For the period ended 31 August 2013

		Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £
	<i>Notes</i>				
NET MOVEMENT IN FUNDS		712,750	(4,492,432)	18,115,008	14,335,326
RECONCILIATION OF FUNDS					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD	13, 14	712,750	(4,492,432)	18,115,008	14,335,326

All of the Academy Trust's activities derive from acquisitions in the financial period

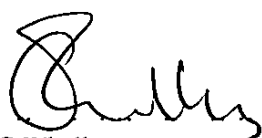
The Elliot Foundation Academies Trust

BALANCE SHEET

As at 31 August 2013

	Notes	2013 £	2013 £
FIXED ASSETS			
Tangible assets	10		18,085,287
CURRENT ASSETS			
Debtors	11	361,980	
Cash at bank and in hand		2,120,108	
		<u>2,482,088</u>	
CREDITORS Amounts falling due within one year	12	<u>(981,049)</u>	
NET CURRENT ASSETS			<u>1,501,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,586,326</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>19,586,326</u>
Pension Scheme Liability	22		<u>(5,251,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>14,335,326</u>
THE FUNDS OF THE ACADEMY TRUST			
RESTRICTED FUNDS			
Fixed asset fund	13		18,115,008
General fund	13		758,568
			<u>18,873,576</u>
Restricted funds excluding pension reserve			
Pension reserve	13		<u>(5,251,000)</u>
TOTAL RESTRICTED FUNDS			<u>13,622,576</u>
TOTAL UNRESTRICTED INCOME FUNDS	13		<u>712,750</u>
TOTAL FUNDS			<u>14,335,326</u>

The financial statements on pages 24 to 61 were approved by the Trustees and authorised for issue on 19 December 2013 and are signed on their behalf by



C Whalley
Chairman

The Elliot Foundation Academies Trust

CASH FLOW STATEMENT

For the period ended 31 August 2013

	<i>Notes</i>	2013 £
NET CASH FLOW FROM OPERATING ACTIVITIES	16	1,348,260
Returns on investments and servicing of financing	17	646
Capital expenditure	19	(17,005)
Cash transferred on conversion to an academy trust	18	788,207
INCREASE IN CASH IN THE PERIOD	20	<u>2,120,108</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		2013 £
Increase in cash in the period		<u>2,120,108</u>
NET FUNDS AT 31 AUGUST	20	<u>2,120,108</u>

All of the cash flows are derived from acquisitions in the current period

The Elliot Foundation Academies Trust

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

GOING CONCERN

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

Judgement of the Trustees that TEFAT remains a going concern is based on agreeing academy budgets that will ensure that they will individually and collectively carry forward prudent revenue reserves as at 31 August 2014. In the TEFAT central operations budgeted income will exceed expenditure by £59,800 in the period to 31 August 2014. The cashflow forecast for central operations predicts a cash balance of some £325,500 by 31 December 2014.

INCOMING RESOURCES

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

GRANTS RECEIVABLE

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet.

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

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the year in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

DONATIONS

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

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate category and depreciated over the useful economic life in accordance with Academy Trust's policies. The amount of donated services have not been recognised as income or expenditure in the current period as, in the opinion of the Trustees, the value is deemed to not be material. Details of the services donated in the period are shown in the Trustees' report (page 6).

OTHER INCOME

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

The Elliot Foundation Academies Trust

ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Department for Education/Education Funding Agency and the Local Authorities

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the EFA, Department for Education, sponsors and other funders, where the asset acquired or created is held for a specific purpose

RESOURCES EXPENDED

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

TANGIBLE FIXED ASSETS

Tangible fixed assets costing £5,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy; the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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

Freehold buildings	Over the remaining useful life based on the surveyor valuation at conversion
Computer equipment	33.3% straight line
Fixtures, fittings and equipment	25% straight line
Plant and machinery	15% straight line
Motor vehicles	25% straight line

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.

The Elliot Foundation Academies Trust

ACCOUNTING POLICIES (CONTINUED)

INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits

TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

LEASED ASSETS

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

PENSION BENEFITS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities from the following schools have been transferred on conversion to the academy trust and have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Elliot Foundation Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in as a gift/as net expenditure in other resources expended in the SOFA and analysed under unrestricted, restricted general and restricted fixed assets funds. Further details of the transaction are set out in note 24.

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 August 2013

1	VOLUNTARY INCOME	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £
	DfE/EFA capital grants	-	-	29,721	29,721
	Private sponsorship	-	251,800	-	251,800
	Other donations	22,738	58,232	-	80,970
		<u>22,738</u>	<u>310,032</u>	<u>29,721</u>	<u>362,491</u>

Capital grants received are not permanent endowments

2	ACTIVITIES FOR GENERATING FUNDS	Unrestricted funds £	Restricted general funds £	Total 2013 £
	Hire of facilities	108	-	108
	Catering	98,056	-	98,056
	Breakfast and after school club	65,351	-	65,351
	Uniform	1,280	-	1,280
	Sales of goods and services	5,943	-	5,943
	Consultancy services	20,500	-	20,500
		<u>191,238</u>	<u>-</u>	<u>191,238</u>

3	FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS	Unrestricted funds £	Restricted general funds £	Total 2013 £
	DfE/EFA REVENUE GRANTS			
	General Annual Grant (GAG)	-	6,610,718	6,610,718
	Start up Grants	-	500,127	500,127
	Other DfE/EFA grants	-	297,250	297,250
	TOTAL DfE/EFA REVENUE GRANTS	<u>-</u>	<u>7,408,095</u>	<u>7,408,095</u>
	OTHER GOVERNMENT GRANTS			
	Local Authority Grants	-	517,162	517,162
	Special educational projects	-	89,895	89,895
	TOTAL OTHER GOVERNMENT GRANTS	<u>-</u>	<u>607,057</u>	<u>607,057</u>
		<u>-</u>	<u>8,015,152</u>	<u>8,015,152</u>

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

4 RESOURCES EXPENDED

	Staff costs	Non pay expenditure		Total
	£	Premises	Other costs	2013
	£	£	£	£
Costs of generating voluntary income	-	-	43,868	43,868
Fund-raising trading	136,650	-	169,561	306,211
Academy Trust's educational operations				
Direct costs (note 5)	4,458,631	-	632,437	5,091,068
Allocated support costs (note 5)	732,710	520,785	1,312,346	2,565,841
	<u>5,327,991</u>	<u>520,785</u>	<u>2,158,212</u>	<u>8,006,988</u>
Governance costs including allocated support costs (note 6)	-	-	209,625	209,625
	<u>5,327,991</u>	<u>520,785</u>	<u>2,367,837</u>	<u>8,216,613</u>
Net incoming/(outgoing) resources for the period				2013
				£
Operating leases - plant and machinery				10,855
Fees payable to Baker Tilly UK Audit LLP and its associates for				
- audit				34,000
- other services				8,394

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

5 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	2013 £
DIRECT COSTS	
Teaching and educational support staff	4,458,631
Technology costs	197,512
Educational supplies	306,583
Staff development	69,521
Educational consultants	57,240
Other direct costs	1,581
	<u>5,091,068</u>
 ALLOCATED SUPPORT COSTS	
Support staff costs	732,710
Depreciation	247,644
Technology costs	9,786
Maintenance of premises and equipment	273,141
Cleaning	78,804
Rates	39,686
Energy costs	98,891
Insurance	90,541
Transport	30,251
Bank interest and charges	155
Consultancy and other professional services	780,808
Other support costs	88,424
Other finance cost - pension finance cost	95,000
	<u>2,565,841</u>
	<u><u>7,656,909</u></u>

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

6 GOVERNANCE COSTS

	2013 £
Legal and professional fees	135,846
Auditors' remuneration	
Audit of financial statements	34,000
Other services	8,394
Support costs	31,385
	<u>209,625</u>

7 STAFF COSTS

	2013 £
Staff costs during the period were	
Wages and salaries	4,273,178
Social security costs	283,758
Pension costs	562,980
	<u>5,119,916</u>
Supply teacher costs	208,075
	<u>5,327,991</u>

The average number of persons (including senior management team) employed by the Academy Trust during the period was as follows

	2013 No	2013 FTE
Teachers	120	111
Administration and support	320	248
Management	22	20
	<u>462</u>	<u>379</u>

No employees emoluments were in excess of £60,000 in the current period

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 August 2013

8 TRUSTEES' REMUNERATION AND EXPENSES

The Principals only receive remuneration in respect of services they provide undertaking the roles as Principal under their contracts of employment and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees.

The value of the Principals' remuneration and the amount of retirement benefits the Principals are accruing under the Teachers' Pension Scheme are set out below.

	Remuneration £	Retirement benefits £
Billesley Primary School	48,788	6,879
Croft Academy	23,362	3,307
George Betts Primary Academy	7,375	1,039
Kings Rise Academy	48,564	6,883
Parkfield Primary School	6,619	933
Rough Hay	23,362	3,307
Shireland Hall Primary Academy	7,375	1,039
Shirestone Academy	46,502	6,557
Tiverton Academy	19,350	2,728
	<u>231,297</u>	<u>32,672</u>

There are no staff Trustees and hence no staff Trustee remuneration.

Although the Trustees receive no remuneration, some of the Directors were paid in their capacity as the management team as consultants in the set up stages of TEFAT as follows:

	2013 £
H Greenway	84,500
Dr R Barr	84,500
R Anderson	74,000
P Martin	4,000
R Jones	55,700
A Kreppel	49,100
	<u>351,800</u>

During the period ended 31 August 2013, travel and subsistence expenses totalling £14,395 were reimbursed to Trustees.

Related party transactions involving the trustees are set out in note 23.

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

9 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £15,000,000 on any one claim.

The cost of this insurance is included in the total insurance cost.

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Computer equipment £	Fixtures, fittings and equipment £	Total £
COST				
Transfer on conversion (note 24)	18,215,000	47,083	24,122	18,286,205
Additions	-	46,726	-	46,726
31 August 2013	18,215,000	93,809	24,122	18,332,931
DEPRECIATION				
Charge for the period	181,772	56,117	9,755	247,644
31 August 2013	181,772	56,117	9,755	247,644
NET BOOK VALUE				
31 August 2013	18,033,228	37,692	14,367	18,085,287

Included in Freehold land and buildings is £560,000 of land which is not depreciated.

11 DEBTORS

	2013 £
Trade debtors	1,599
VAT recoverable	102,357
Prepayments and accrued income	258,024
	361,980

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

12	CREDITORS Amounts falling due within one year	2013 £
	Trade creditors	571,703
	Other taxation and social security	103,784
	Other creditors	156,555
	Accruals and deferred income	149,007
		<u>981,049</u>
	Deferred income	2013 £
	Resources deferred in the period	<u>100,873</u>
	Deferred income at end of period	<u>100,873</u>

Deferred income at 31 August 2013 includes grant income received from the DfE/EFA in respect of an Academy that joined the Academy Trust with effect from 1 September 2013

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

13 FUNDS

	At 22 June 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2013 £
RESTRICTED GENERAL FUNDS					
General Annual Grant	-	6,610,718	(6,045,424)	(46,726)	518,568
Pension reserve	-	(5,139,000)	(99,000)	(13,000)	(5,251,000)
	-	1,471,718	(6,144,424)	(59,726)	(4,732,432)
Start up grant	-	500,127	(500,127)	-	-
Other DfE/EFA grants	-	297,250	(57,250)	-	240,000
Local authority grants	-	517,162	(517,162)	-	-
Special educational projects	-	89,895	(89,895)	-	-
Voluntary income	-	310,032	(310,032)	-	-
	-	3,186,184	(7,618,890)	(59,726)	(4,492,432)
RESTRICTED FIXED ASSET FUNDS					
Inherited fixed assets	-	18,286,205	(231,805)	-	18,054,400
DfE/EFA capital grants	-	29,721	-	-	29,721
Capital expenditure from GAG	-	-	(15,839)	46,726	30,887
	-	18,315,926	(247,644)	46,726	18,115,008
TOTAL RESTRICTED FUNDS	-	21,502,110	(7,866,534)	(13,000)	13,622,576
UNRESTRICTED FUNDS					
Unrestricted funds	-	1,062,829	(350,079)	-	712,750
TOTAL UNRESTRICTED FUNDS	-	1,062,829	(350,079)	-	712,750
TOTAL FUNDS	-	22,564,939	(8,216,613)	(13,000)	14,335,326

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2013.

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

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

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 August 2013

13 FUNDS (CONTINUED)

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

The Local authority revenue grants fund has been set up to recognise the funding received from Birmingham City Council, Walsall Metropolitan Borough Council, Sandwell Metropolitan Borough Council and London Borough of Barnet. The associated expenditure has been allocated to this fund

The Special Educational Needs fund has been set up to recognise the restricted funding received from the EFA to assist with the costs incurred providing disadvantaged students with the additional educational resources that they require

The Voluntary income fund has been created to recognise the donations received by the Academy Trust to be used for specific activities. Included within this fund's income is £251,800 sponsorship income which the donors have specified is to be used to aid with the day to day running costs of the Academy Trust. The other £58,232 of income comprises lots of small amounts which, in the opinion of the Academy Trust, do not warrant disclosure for the specific purpose of each individual donation received. However, accounting records are maintained for each donation to document the expenditure incurred with those monies

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund

The DfE/EFA capital grant fund represents the total amount of capital grants received. The monies spent on fixed assets and refurbishment works are therefore allocated to this fund. Depreciation charge on the fixed asset purchases is allocated to the fund. The fund balance carried forward represents the carrying value of the fixed assets purchased using the capital grants received, together with the value of capital grants unspent by the reporting date

The Capital expenditure from GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

13 FUNDS (CONTINUED)

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	2013 £
Billesley Primary School	42,005
Croft Academy	250,829
George Betts Primary Academy	173,073
Kings Rise Academy	185,399
Parkfield Primary School	84,772
Rough Hay	244,916
Shireland Hall Primary Academy	212,861
Shirestone Academy	182,042
Tiverton Academy	159,062
Central services	(63,641)
	<hr/> 1,471,318
Restricted fixed asset fund	18,115,008
Pension reserve	(5,251,000)
	<hr/> 12,864,008
	<hr/>
Total funds	<hr/> <hr/> 14,335,326

The slower than anticipated growth in the number of academies was a result of more rigorous assessment by officials at the Department for Education. The consequences of this was a shortfall in management charge income for The Elliot Foundation Academies Trust central operations and a net revenue deficit for the period. Nevertheless, the revenue reserves for open academies were higher than anticipated. The net reserves figure of 10% of income is therefore double the target of 5%.

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

13 FUNDS (CONTINUED)

Analysis of academies by cost

Expenditure incurred by each academy during the period was as follows

	Teaching & Educational Support Staff Costs £	Other Support Staff £	Educational Supplies £	Other Costs (Excluding Depreciation) £	Total 2013 £
Billesley Primary School	1,241,376	226,899	80,954	346,406	1,895,635
Croft Academy	636,599	77,170	43,816	275,160	1,032,745
George Betts Primary Academy	211,209	39,869	13,157	19,405	283,640
Kings Rise Academy	633,756	186,853	34,936	248,598	1,104,143
Parkfield Primary School	105,803	13,264	2,683	31,199	152,949
Rough Hay	571,341	109,368	30,184	69,657	780,550
Shireland Hall Primary Academy	214,937	24,790	51,773	16,930	308,430
Shirestone Academy	639,997	77,258	20,571	197,686	935,512
Tiverton Academy	203,613	34,848	28,245	42,318	309,024
Central services	-	79,041	264	992,036	1,071,341
LGPS pension finance cost	-	-	-	95,000	95,000
	<u>4,458,631</u>	<u>869,360</u>	<u>306,583</u>	<u>2,334,395</u>	<u>7,968,969</u>

**14 ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2013 £
Tangible fixed assets	-	-	18,085,287	18,085,287
Current assets	712,750	1,739,617	29,721	2,482,088
Current liabilities	-	(981,049)	-	(981,049)
Pension scheme liability	-	(5,251,000)	-	(5,251,000)
TOTAL NET ASSETS	<u>712,750</u>	<u>(4,492,432)</u>	<u>18,115,008</u>	<u>14,335,326</u>

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

15 FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2013 £
Other	
Expiring within one year	20,806
Expiring within two and five years inclusive	11,852

16 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £
Net income	14,348,326
Cash impact of transfer on conversion (note 24)	(13,995,412)
Depreciation (note 10)	247,644
Capital grants from DfE/EFA	(29,721)
Interest receivable	(646)
FRS 17 pension cost less contributions payable (note 22)	4,000
FRS 17 pension finance cost (note 22)	95,000
Increase in debtors	(301,980)
Increase in creditors	981,049
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,348,260

17 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £
Interest received	646
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	646

18 CASH TRANSFERRED ON CONVERSION TO AN ACADEMY

	2013 £
Cash balance transferred on conversion (note 24)	788,207

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

19	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2013 £
	Purchase of tangible fixed assets	(46,726)
	Capital grants from DfE/EFA	29,721
		<hr/>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(17,005)
		<hr/> <hr/>

20	ANALYSIS OF CHANGES IN NET FUNDS	On 22 June 2012 £	Acquisition £	Cash flows £	At 31 August 2013 £
	Cash at bank and in hand	-	788,207	1,331,901	2,120,108
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21 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

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS

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

As described in note 24, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join the Scheme in the period The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

	2013 £
Teachers' Pension Scheme	5,602
Local Government Pension Scheme	19,051
	<hr/> 24,653 <hr/>

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS The aim of the review is to specify the level of future contributions Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended

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

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pensions Scheme (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Employer and employee contribution rates

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

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £297,980.

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August was £342,000, of which employer's contributions totalled £261,000 and employees' contribution totalled £81,000. The agreed rates for future years are 10.8 - 24.8 per cent for employers and between 5.5 - 6.8 % for employees.

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

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

WEST MIDLANDS PENSION FUND

Principal actuarial assumptions

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

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

	2013 Years
Retiring today	
Males	22.1
Females	24.8
Retiring in 20 years	
Males	23.9
Females	26.7

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.0%	1,309
Government bonds	3.4%	260
Other bonds	4.4%	347
Property	5.7%	269
Cash/liquidity	0.5%	127
Other	7.0%	780
TOTAL MARKET VALUE OF ASSETS		3,092
Present value of scheme liabilities		
- Funded		(7,741)
DEFICIT IN THE SCHEME		(4,649)

The actual return on the scheme assets was £188,000

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

WEST MIDLANDS PENSION FUND (CONTINUED)

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

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

The cumulative amount of actuarial gains recognised in the statement of recognised gains and losses since the adoption of FRS17 is £54,000

Movements in the present value of defined benefit obligations were as follows	2013 £'000
Upon conversion	7,176
Current service cost	258
Interest cost	185
Employee contributions	79
Actuarial loss	40
Estimated benefits paid net of transfers in	3
At 31 August	7,741

Movements in the fair value of Academy Trust's share of scheme assets	2013 £'000
Upon conversion	2,570
Expected return on assets	92
Actuarial gain	94
Employee contributions	79
Employer contributions	254
Estimated benefits paid net of transfers in	3
At 31 August	3,092

The estimated value of employer contributions for the year ended 31 August 2014 is £454,000

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

WEST MIDLANDS PENSION FUND (CONTINUED)

The five-year history of experience adjustments is as follows

	2013 £'000
Present value of defined benefit obligations	(7,741)
Fair value of share of scheme assets	3,092
Deficit in the scheme	<u>(4,649)</u>
Experience adjustments on share of scheme assets Amount £'000	<u>94</u>
Experience adjustments on scheme liabilities Amount £'000	<u>-</u>

BARNET PENSION FUND

Principal actuarial assumptions

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

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

	2013 Years
Retiring today	
Males	20.1
Females	24.1
Retiring in 20 years	
Males	22.1
Females	26.0

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

BARNET PENSION FUND (CONTINUED)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.1%	200
Government bonds	3.5%	-
Other bonds	4.4%	95
Property	5.0%	-
Cash/liquidity	0.5%	3
TOTAL MARKET VALUE OF ASSETS		298
Present value of scheme liabilities		
- Funded		(900)
DEFICIT IN THE SCHEME		(602)
The actual return on the scheme assets was £1,000		
Amounts recognised in the statement of financial activities		2013 £'000
Current service cost		7
Total operating charge		7
Analysis of pension finance income/(costs)		2013 £'000
Expected return on pension scheme assets		1
Interest on pension liabilities		(3)
Pension finance cost		(2)

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

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £67,000

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

BARNET PENSION FUND (CONTINUED)

Movements in the present value of defined benefit obligations were as follows	2013 £'000
Upon conversion	821
Current service cost	7
Interest cost	3
Employee contributions	2
Actuarial loss	67
At 31 August	900
Movements in the fair value of Academy Trust's share of scheme assets	2013 £'000
Upon conversion	288
Expected return on assets	1
Actuarial gain	-
Employee contributions	2
Employer contributions	7
At 31 August	298
The estimated value of employer contributions for the year ended 31 August 2014 is £91,000	
The five-year history of experience adjustments is as follows	
	2013 £'000
Present value of defined benefit obligations	(900)
Fair value of share of scheme assets	298
Deficit in the scheme	(602)
Experience adjustments on share of scheme assets	-
Amount £'000	-
Experience adjustments on scheme liabilities	-
Amount £'000	-

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

22 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Scheme (continued)

CONSOLIDATED LOCAL GOVERNMENT PENSION SCHEMES

	2013 £'000
Present value of defined benefit obligations	(8,641)
Fair value of share of scheme assets	3,390
	<hr/>
Deficit in the scheme	(5,251)
	<hr/>
Amounts recognised in the statement of financial activities	2013 £'000
Current service cost	265
	<hr/>
Total operating charge	265
	<hr/>
Analysis of pension finance income/(costs)	2013 £'000
Expected return on pension scheme assets	93
Interest on pension liabilities	(188)
	<hr/>
Pension finance cost	(95)
	<hr/>

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £13,000

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

23 RELATED PARTIES

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.

The Directors were paid in their capacity as the management team as consultants in the set up stages of TEFAT. Details of the amounts involved are shown in note 8. No amounts were outstanding at the balance sheet date.

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST

CROFT ACADEMY

On 1st September 2012 the Croft Community Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Walsall Local Authority for £Nil consideration

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

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

				Voluntary income analysis
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets				
Freehold land and buildings	1,345,000	-	-	1,345,000
Computer equipment	33,333	-	-	33,333
Fixtures, fittings and equipment	12,500	-	-	12,500
School budget surplus	115,679	115,679		
LGPS pension deficit	(228,000)	-	(228,000)	-
Net assets/(liabilities)	<u>1,278,512</u>	<u>115,679</u>	<u>(228,000)</u>	<u>1,390,833</u>

The above net assets include £115,679 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

BILLESLEY PRIMARY SCHOOL

On 1st November 2012 Billesley Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	925,000	-	-	925,000
Computer equipment	13,750	-	-	13,750
School budget surplus	114,295	114,295	-	-
LGPS pension deficit	(854,000)	-	(854,000)	-
Net assets/(liabilities)	199,045	114,295	(854,000)	938,750

The above net assets include £114,295 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

KINGS RISE ACADEMY

On 1st November 2012 Kings Rise Community Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	495,000	-	-	495,000
Fixtures, fittings and equipment	5,622	-	-	5,622
School budget surplus	136,575	136,575	-	-
LGPS pension deficit	(543,000)	-	(543,000)	-
Net assets/(liabilities)	94,197	136,575	(543,000)	500,622

The above net assets include £136,575 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

SHIRESTONE ACADEMY

On 1st November 2012 Shirestone Community Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	460,000	-	-	460,000
School budget surplus	74,772	74,772	-	-
LGPS pension deficit	(483,000)	-	(483,000)	-
Net assets/(liabilities)	51,772	74,772	(483,000)	460,000

The above net assets include £74,772 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

ROUGH HAY

On 1st February 2013 Rough Hay Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Walsall Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	790,000	-	-	790,000
Fixtures, fittings and equipment	6,000	-	-	6,000
School budget surplus	32,050	32,050	-	-
LGPS pension deficit	(560,000)	-	(560,000)	-
Net assets/(liabilities)	268,050	32,050	(560,000)	796,000

The above net assets include £32,050 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

TRIVERTON ACADEMY

On 1st May 2013 Triverton Junior and Infant School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	360,000	-	-	360,000
School budget surplus	67,966	67,966	-	-
LGPS pension deficit	(519,000)	-	(519,000)	-
Net assets/(liabilities)	(91,034)	67,966	(519,000)	360,000

The above net assets include £67,966 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

GEORGE BETTS PRIMARY ACADEMY

On 1st July 2013 George Betts Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	820,000	-	-	820,000
School budget surplus	86,770	86,770	-	-
LGPS pension deficit	(992,000)	-	(992,000)	-
Net assets/(liabilities)	(85,230)	86,770	(992,000)	820,000

The above net assets include £122,092 transferred as cash

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

SHIRELAND HALL PRIMARY ACADEMY

On 1st July 2013 George Betts Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Birmingham Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	9,050,000	-	-	9,050,000
School budget surplus	160,100	160,100	-	-
LGPS pension deficit	(427,000)	-	(427,000)	-
Net assets/(liabilities)	8,783,100	160,100	(427,000)	9,050,000

The above net assets include £182,987 transferred as cash

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

PARKFIELD PRIMARY SCHOOL

On 1st August 2013 Parkfield Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Barnet Local Authority for £Nil consideration

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

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

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Freehold land and buildings	3,970,000	-	-	3,970,000
School budget surplus	60,000	60,000	-	-
LGPS pension deficit	(533,000)	-	(533,000)	-
Net assets/(liabilities)	<u>3,497,000</u>	<u>60,000</u>	<u>(533,000)</u>	<u>3,970,000</u>

The above net assets include £Nil transferred as cash

At the balance sheet date, the School budget surplus was outstanding from the Local Authority

The Elliot Foundation Academies Trust
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 August 2013

24 CONVERSION TO AN ACADEMY TRUST (CONTINUED)

TOTAL NET ASSETS/(LIABILITIES) ON CONVERSION

	TOTAL £	Unrestricted funds £	Voluntary income analysis	
			Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets				
Freehold land and buildings	18,215,000	-	-	18,215,000
Computer equipment	47,083	-	-	47,083
Fixtures, fittings and equipment	24,122	-	-	24,122
School funds	848,207	848,207	-	-
LGPS pension deficit	(5,139,000)	-	(5,139,000)	-
Net assets/(liabilities)	<u>13,995,412</u>	<u>848,207</u>	<u>(5,139,000)</u>	<u>18,286,205</u>

The above net assets include £846,416 transferred as cash

At the balance sheet date, £60,000 of the School budget surplus was outstanding from a Local Authority

25 CENTRAL SERVICES

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

- Conversion support
- Educational support services
- Governance support
- Human resources
- Asset management
- Financial accounting support

The Trust charges for these services at 6% of "General Annual Grant" income

The actual amount charged during the period to each school was as follows	2013 £
Billesley Primary School	92,706
Croft Academy	56,390
George Betts Primary Academy	18,150
Kings Rise Academy	52,834
Parkfield Primary School	8,791
Rough Hay	49,393
Shireland Hall Primary Academy	19,690
Shirestone Academy	51,267
Tiverton Academy	18,845
	<u>368,066</u>

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

In accordance with the terms of our engagement letter dated 9 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Elliot Foundation Academies Trust during the period 22 June 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

RESPECTIVE RESPONSIBILITIES OF THE ELLIOT FOUNDATION ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Elliot Foundation Academies Trust's funding agreement with the Secretary of State for Education dated 29 August 2012 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 22 June 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 22 June 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

19 December 2013
