

Company Registration Number: 07697587 (England and Wales)

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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FEVERSHAM EDUCATION TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

DK Awan (resigned 26 April 2017)
S Azam
M Khan (resigned 26 April 2017)
G Murtaza (resigned 26 April 2017)
G Rehman (resigned 26 April 2017)
T Khan (appointed 23 April 2017)
MF Dad (appointed 23 April 2017)
S Rehman (appointed 23 April 2017)
M Khurshid (appointed 23 April 2017)

Directors

AJ Haider, Chairman¹
C A Skelding, Head teacher (resigned 2 October 2017)¹
A Hubbard (resigned 22 March 2017)
J Khan (resigned 24 August 2017)¹
M K Khan (resigned 24 August 2017)¹
L Murphy, Staff Director¹
P Menham (resigned 23 March 2017)
S Ahmed (appointed 19 May 2017)
W Ahmed (appointed 24 August 2017)¹
I Awan (appointed 19 May 2017)
S Khan (appointed 19 May 2017)
S Khan (appointed 19 May 2017)¹
R Qasim (appointed 24 August 2017)¹
I Rehman (appointed 19 May 2017)¹

¹ Audit, Policy & Finance Committee

Company registered number

07697587

Company name

Feversham Education Trust

Principal and registered office

158 Cliffe Road
Undercliffe
Bradford
West Yorkshire
BD3 0LT

FEVERSHAM EDUCATION TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Company secretary

L Murphy

Senior leaders (Feversham Education Trust)

C Skelding, Acting Executive Principal
R Shafquat, Acting Headteacher - Queensbury School
R Naznine, Deputy Head Teaching & Learning
S Muneer, Acting Headteacher - Feversham College
L Murphy, Business Manager
R Noor, Assistant Head Student, Leadership & ITT
J Abbott, Assistant Head Behaviour
S Khan, Strategic Leader RE/IE
C King, Deputy Head Behaviour & Attendance
P Newton, Deputy Head Curriculum & Standards

The following members of the SLT left during the year:

N Fulton
E Hart
M Murphy
N Randall

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank
44 Queens Street
Morley
Leeds
LS27 9BR

Solicitors

Dickinson Dees
One Trinity
Broad Chare
Newcastle
NE1 2HF

FEVERSHAM EDUCATION TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors present their annual report together with the financial statements and auditor's report of the charitable company and the group for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of a Directors' report under company law.

The trust operates 2 secondary academies in Bradford - Feversham College and Queensbury School. Its academies have a combined pupil capacity of 2040 and had a roll of 1689 in the school census on 5 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Directors of Feversham Education Trust are also the Directors of the charitable company for the purpose of company law.

The charitable company is known as Feversham Education Trust.

Details of the Directors who served during the year are included in the Reference and administrative details on page 1.

Members' liability

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

Directors' indemnities

The academy trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 12.

Method of recruitment and appointment or election of Directors

The Members may appoint by ordinary resolution up to 5 Directors. The Members may also appoint staff Directors through such process as they may determine.

All Directors are appointed based upon the contribution they can make to the development and future success of Feversham Education Trust. When selecting and recruiting new Directors appointments are made after consulting local community groups and businesses dependent on the skills needed, or by using SGOSS and Academy Ambassadors programmes. An interview process is undertaken by a sub-committee of the board of Directors.

Except for staff Directors, no other Directors receive remuneration for their services other than reasonable out of pocket expenses.

The term of office for any Directors shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

FEVERSHAM EDUCATION TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Policies and procedures adopted for the induction and training of Directors

Training and induction provided for new Directors will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Directors will be given a tour of the academy and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only one or two new Directors a year, induction tends to be done informally and is tailored specifically to the individual. The 2016/17 financial year has been an exception due in main to the growth of the trust. A successful targeted recruitment drive has resulted in several new trustees.

Pay policy for key management personnel

Pay and remuneration for key management personnel will be set by the Directors with reference to successful performance appraisal and academy performance.

Organisational structure

During the year the academy trust continued to operate a unified management structure. The structure consists of three levels: the Directors, the Senior Leaders and the Middle Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The Senior Leaders, as set out on page 2 include an Executive Principal, academy Head teachers, Deputy Head teachers, the Business manager, Assistant Head teachers and one Islamic Leader. These leaders control the academy trust at an executive level implementing the policies laid down by the Directors and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Leadership Team always contain a Director. Some spending control is devolved to members of the Leadership Team, with limits above which a Senior Leader must not breach.

The organisational structure will change in future periods to reflect the transition to of a growing MAT and will be based on the following principles:

- a) The Members of Feversham Education Trust define the Object, Purpose and Ethos.
- b) The Directors, who in part form the Governing Council, have overall responsibility and ultimate decision making authority for all the work of Feversham Education Trust, including the establishment and running of academies and free schools (academies). This is largely exercised through strategic planning and the setting of policy. It is managed through the business planning, monitoring of budgets, performance appraisal, the setting and monitoring of standards and the implementation of quality assurance processes.
- c) The Directors have the power to direct change where required to ensure that the Object, Purpose and Ethos are maintained.
- e) The Directors delegate their responsibilities for the day-to-day operation of each academy and the whole of the funding granted by the Department of Education for the benefit of that academy directly to a Local Governing Body (LGB) through a Scheme of Delegation (the Scheme). The funding granted for each academy must be applied only to that academy subject to the requirements of the Scheme. The Principal of each academy is an ex officio member of the LGB.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Organisational structure (continued)

f) The Senior Managers control Feversham Education Trust at an executive level implementing the policies laid down by the Directors and reporting back to them regularly. As a group, the Senior Managers are responsible for authorisation of spending within agreed budgets and the appointment of staff through appointment boards. Some spending control is devolved to members of the Leadership Team with financial limits above which a Senior Manager must countersign.

Connected organisations, including related party relationships

Feversham First Steps Nursery is a wholly owned subsidiary of Feversham Education Trust. Further details are stated in Note 26 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object of the charitable company is to advance for the public benefit education in the United Kingdom. To this end, in the period the principal activities was the operation of Feversham College and Queensbury School to provide education for pupils of different abilities between the ages of 11 and 19.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The main objectives of the academy trust during the year ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy trust's business in accordance with the highest standards of integrity, probity and openness.

The academy trusts main strategy is encompassed in its mission statement which is 'To provide the best quality of education for all our learners within a secure learning environment'. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications
- training and opportunities for all staff and especially teaching staff
- a programme of after school activities for all students
- a career advisory service to help students obtain employment or move on to higher education

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES (CONTINUED)

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Feversham College

Total students in the year ended 31 August 2017 numbered 757 and the academy has a full complement in all year groups.

Examination results for 2017 remained significantly above national floor standards and national averages. At GCSE the percentage of students achieving 5+A*-C passes (including English & Maths) was 74%, which compares favourably with the prior year.

At post 16, the overall average grade was B- (C+ in 2016), with the A level average grade at C (C- in 2016) and the vocational grade at Distinction* (Distinction*- in 2016).

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key financial performance indicators

The KPI's are designed to analyse financial and commercial risk as well as staffing ratios and academic performance.

<u>Key performance indicator (Academy)</u>	<u>Financial Year 2016/17</u>	<u>Financial Year 2015/16</u>
Year end cash reserves as a % of GAG income	26.00%	39.12%
Teachers' pay as a % of GAG income	54.41%	59.61%
Total staff pay as a % of GAG income	84.72%	90.32%
Teachers' pay as a % of total revenue income	48.69%	47.51%
Total staff pay as a % of total revenue income	75.81%	71.98%
Total GAG income per pupil	£6,119	£5,673
A*-C (including Maths and English)	63%	73%

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW

Financial report for the year

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

The academy also receives grants for fixed assets from the ESFA. In accordance with The Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, the consolidated accounts show total expenditure of £10,506,000 was not covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains/losses, and excluding restricted fixed asset funds) was £830,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives, or relating to the operation of Feversham First Steps Limited.

At 31 August 2017 the net book value of fixed assets of the academy was £25,305,000 and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS, resulting in a deficit of £(1,936,000) recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £26,079,000 comprising £24,682,000 of restricted funds and £1,397,000 of unrestricted funds.

The group held fund balances at 31 August 2017 of £26,079,000 comprising £24,682,000 of restricted funds and £1,397,000 of unrestricted funds.

Financial and risk management objectives and policies

The academy trust has an embedded system of internal control, including financial, operational and risk management which is designed to protect the academy trust's assets and reputation. Internal audit undertake a termly inspection and oversees a programme of risk review.

The Audit, Policy & Finance Committee undertakes a comprehensive review of the risks to which the academy is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Academy. The Audit, Policy & Finance Committee also consider any risks which may arise as a result of a new area of work being undertaken by the trust.

A risk register is held by the trust, which is to be reviewed at least annually, by the Audit, Policy & Finance Committee. The register identifies the key risks, the likelihood of those risks occurring, their potential impact on the trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW (CONTINUED)

Principal risks and uncertainties

Outlined below are a number of potential risks that may affect the academy trust.

1) Government Funding. The academy trust has considerable reliance on continued government funding through the ESFA. In 2016/17 99% of the academy trust's recurrent revenue was publically funded, this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same rate or on the same terms. This will be the case with the introduction of the National Funding Formula in 2020.

2) Pension Liabilities. The financial statements report the share of the pension scheme deficit on the trust's balance sheet in line with requirements of FRS 102. We will continue to carefully monitor the level of exposure to the pension fund deficit.

3) Minimise the risk of litigation. Leadership and Directors are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, students and other stakeholders are minimised in order to prevent reputational damage and financial loss.

4) Health and Safety compliance. Leadership and Directors are highly focused on the need to ensure risks of damage to property and persons are minimised by adhering to a robust Health and Safety policy and by calling on expert advice in the area where required.

5) Ensure ongoing cash solvency. Work closely with external auditors, internal audit checks and Audit, Policy & Finance Committee overview to ensure internal controls are in place to minimise the possibility of unexpected financial losses. They will be continued robust scrutiny of financial information to ensure due diligence in all aspects of financial planning and budgeting to include robust cash management and forecasting.

Reserves policy

The Directors review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,397,000 which is sufficient. The academy intends to utilise surplus reserves over the next couple of years to support the expenses of growth of the MAT, including the increase in capacity of both teaching and back office provision in the short term. As the MAT develops a top slice mechanism will provide additional funding going forward.

Investment policy

The Board of Directors have authority to deposit and invest funds not immediately required for the furtherance of the academy trust's principle object. When considering such transactions observance of Islamic investment principals remains the overriding consideration.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE PERIODS

Multi academy Trust

The charitable company was granted multi academy trust status effective from 17 February 2016 and since 1 September 2016 Queensbury School has successfully transitioned into the academy trust.

The overriding aim of the trust is to provide the best quality of education for all within a secure learning environment. Our sponsor academy status will see us actively seeking opportunities to work in partnership with additional primary and secondary schools to provide outstanding education to as wide a number of students as possible

Feversham Education Trust will be opening its first free school, Bradford Girls Academy, in September 2018.

Compliance with national curriculum

The new National Curriculum, introduced in September 2014 will be further embedded across the college and influence the options for our KS4 students towards an EBacc pathway. Feversham Education Trust offer guidance and support, where appropriate, to prompt the best academic interests of our students and to also promote the spiritual, moral, cultural, mental and physical development of our students. The aim of Feversham Education Trust is to prepare our students for the opportunities, responsibilities and experiences of later life and to ensure that they are able to contribute fully to the wider British society.

Compliance with legislation

Schools and academies are required by law to follow the statutory guidance that applies to them. Feversham Education Trust, under the guidance of the principal and experienced Directors, will aim to be compliant in all areas of statutory legislation including the following key areas: SEND, Finance, Admissions, Equality, Curriculum, Governance and Safeguarding.

Pupil Assessment for learning

Assessment for learning is the process of seeking and interpreting evidence for use by learners and their teachers to decide where the learners are in their learning, where they need to go and how best to get there. Feversham Education Trust will work to ensure that every student knows how he/she is doing; every teacher is equipped to make informed decisions about their students attainment and understands the principles of progression.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware:

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

AUDITORS

The auditors, Clive Owen LLP, have indicated their willingness to continue in office.

The Directors' Report was approved by order of the Board of Directors, as the company directors, on 27 November 2017 and signed on its behalf by:



AJ Haider
Chair of Directors

FEVERSHAM EDUCATION TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Directors has delegated the day-to-day responsibility to the principal, 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 Feversham Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Director	Meetings attended	Out of a possible
S Khan	5	6
W Ahmed	0	1
I Awan	1	1
AJ Haider	5	6
P Menham	3	4
J Khan	1	5
M K Khan	5	5
A Hubbard	4	4
S Khan	1	1
S Ahmed	1	1
L Murphy	1	6
R Qasim	1	1
I Rehman	0	1
C A Skelding	5	6

The Audit, Policy and Finance Committee is a sub-committee of the main Board of Directors. Its purpose is to ensure Feversham College remains a going concern to enable the delivery of an outstanding education for pupils aged 11-19.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
AJ Haider	1	1
C A Skelding	2	3
J Khan	0	2
M K Khan	0	0
A Hubbard	1	1
K Khan	1	1
P Menham	1	1
W Ahmed	1	2
S Khan	2	2
N Mahmood	0	2
L Murphy	1	2
R Qasim	2	2
I Rehman	1	2

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

Raising Student Achievement

This is demonstrated by the continued upward trend in exam results, with the 2016/17 academic continuing to be above National expectations for Feversham College and an upward trajectory for Queensbury School. For further information please refer to the academy web site:

<http://www.fevershameducationtrust.com/>

GCSE

GCSE results at Feversham College were significantly above National floor targets with 74% of students achieving 5 A*-C including English and Maths at grade 9-4. 99% of students achieved any 5 or more A*-G grades. Results at Queensbury were below National floor targets at 43% but showed an improvement on the prior year figure of 37%.

The system of individual student tracking developed and embedded at Feversham College has been rolled out across the Trust. This tracks levels of progress from key stage 2 through to Post 16. Feversham College also tracks attendance and behaviour of all pupils, with attendance being consistently above national expectations.

Feversham Education Trust will ensure that where possible additional needs of individual pupils will be met and appropriate resources (staff and equipment) will be made available such as one to one support or stretch and challenge for the more able pupils.

Robust governance and financial oversight

Feversham Education Trust has a dedicated Audit, Policy & Finance committee, who are responsible for determining the school's financial priorities linking this to the long term vision, the School Improvement Plans and directions given by the Full Governing Body.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Feversham Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The trust's system of internal financial control is based on a framework of regular leaders 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 Directors;
- regular reviews by the Audit, Policy & Finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint E Daniels as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems.

On a termly basis, the internal auditor reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The internal auditor has delivered their schedule of work as planned. There were no material control issues arising as a result of the internal auditors work.

REVIEW OF EFFECTIVENESS


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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit, Policy and Finance 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 Directors on 27 November 2017 and signed on their behalf, by:


A J Haider
Chair of Directors


C A Skelding
Accounting Officer

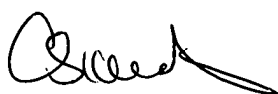
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Feversham Education Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



C A Skelding
Accounting Officer

Date: 27 November 2017

FEVERSHAM EDUCATION TRUST
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors (who act as governors of Feversham Education Trust and are also the trustees of the charitable company for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group'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 Directors on 27 November 2017 and signed on its behalf by:



A J Haider
Chairman

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FEVERSHAM EDUCATION TRUST**

OPINION

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

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FEVERSHAM EDUCATION TRUST**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FEVERSHAM EDUCATION TRUST**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Christopher Beaumont FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
27 November 2017

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FEVERSHAM
EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Feversham Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF FEVERSHAM EDUCATION TRUST'S AND THE REPORTING
ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Feversham Education Trust's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FEVERSHAM
EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

APPROACH (continued)

The work undertaken to draw our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Auditor reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

27 November 2017

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

		Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
	Note					
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	78	(1,613)	8,065	6,530	-
Other donations and capital grants	2	-	-	37	37	16
Charitable activities	3	-	10,031	-	10,031	4,475
Other trading activities	4	659	-	-	659	656
Investments	5	2	-	-	2	1
TOTAL INCOME		739	8,418	8,102	17,259	5,148
EXPENDITURE ON:						
Charitable activities		464	9,524	518	10,506	5,079
TOTAL EXPENDITURE	6	464	9,524	518	10,506	5,079
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	275	(1,106)	7,584	6,753	69
		-	(181)	181	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		275	(1,287)	7,765	6,753	69
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,548	-	1,548	(883)
NET MOVEMENT IN FUNDS		275	261	7,765	8,301	(814)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,122	(886)	17,542	17,778	18,592
TOTAL FUNDS CARRIED FORWARD		1,397	(625)	25,307	26,079	17,778

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07697587

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Intangible assets	13		12		12
Tangible assets	14		25,293		17,530
Investments			-		-
			<u>25,305</u>		<u>17,542</u>
CURRENT ASSETS					
Stocks	15	1		2	
Debtors	16	233		88	
Cash at bank and in hand		2,965		1,715	
		<u>3,199</u>		<u>1,805</u>	
CREDITORS: amounts falling due within one year	17	(489)		(109)	
NET CURRENT ASSETS			<u>2,710</u>		<u>1,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,015</u>		<u>19,238</u>
Defined benefit pension scheme liability	23		(1,936)		(1,460)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>26,079</u></u>		<u><u>17,778</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	1,311		574	
Restricted fixed asset funds	18	25,307		17,542	
Restricted income funds excluding pension liability		26,618		18,116	
Pension reserve		(1,936)		(1,460)	
Total restricted income funds			<u>24,682</u>		<u>16,656</u>
Unrestricted income funds	18		1,397		1,122
TOTAL FUNDS			<u><u>26,079</u></u>		<u><u>17,778</u></u>

The financial statements on pages 21 to 50 were approved by the Directors, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:


A J Haider
Chairman

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07697587

ACADEMY TRUST BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	2016 £000
FIXED ASSETS				
Intangible assets	13		12	12
Tangible assets	14		25,293	17,530
			<u>25,305</u>	<u>17,542</u>
CURRENT ASSETS				
Stocks	15	1	2	
Debtors	16	338	197	
Cash at bank		2,852	1,600	
		<u>3,191</u>	<u>1,799</u>	
CREDITORS: amounts falling due within one year	17	(481)	(103)	
NET CURRENT ASSETS			<u>2,710</u>	<u>1,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,015</u>	<u>19,238</u>
Defined benefit pension scheme liability	23		(1,936)	(1,460)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>26,079</u></u>	<u><u>17,778</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	1,311	574	
Restricted fixed asset funds	18	25,306	17,542	
		<u>26,617</u>	<u>18,116</u>	
Restricted funds excluding pension asset				
Pension reserve		(1,936)	(1,460)	
		<u></u>	<u></u>	
Total restricted funds			24,681	16,656
Unrestricted funds	18		1,398	1,122
			<u>1,398</u>	<u>1,122</u>
TOTAL FUNDS			<u><u>26,079</u></u>	<u><u>17,778</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:


A J Haider
Chairman

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	1,427	543
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	1
Purchase of tangible fixed assets		(216)	(96)
Capital grants from DfE/ESFA		37	16
Net cash used in investing activities		(177)	(79)
Change in cash and cash equivalents in the year		1,250	464
Cash and cash equivalents brought forward		1,715	1,251
Cash and cash equivalents carried forward		2,965	1,715

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the academy trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006.

1.2 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 Directors.

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

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

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income..

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Basis of consolidation

The financial statements consolidate the accounts of Feversham Education Trust and all of its subsidiary undertakings ('subsidiaries').

The academy trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.7 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	50 years straight line
Leasehold Buildings	-	50 years straight line
Leasehold Land	-	Over the life of the lease
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years 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.

1.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

1.10 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Taxation

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

1.13 Debtors

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

1.14 Cash at Bank and in hand

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

1.15 Liabilities and provisions

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

1.16 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.17 Pensions

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

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

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

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

1.18 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.19 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £518,000.

Land and buildings – Land and buildings at Feversham College are held under a 125 year lease from Muslim Association of Bradford. The playing fields are held under a 125 year lease from Bradford MDC. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Transfer from local authority on conversion	78	(1,613)	8,065	6,530	-
Capital Grants	-	-	37	37	16
	78	(1,613)	8,102	6,567	16
<i>Total 2016</i>	-	-	16	16	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,115	9,115	4,090
Pupil Premium	-	565	565	213
Other DfE/ESFA Grants	-	172	172	143
	-	9,852	9,852	4,446
Other government grants				
Other Government Grant	-	179	179	29
	-	179	179	29
	-	10,031	10,031	4,475

In 2016, of the total income from charitable activities, £NIL was to unrestricted funds and £4,475,000 was to restricted funds.

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Miscellaneous income	152	-	152	54
Educational consultancy	-	-	-	167
Catering income	200	-	200	121
Operation of Feversham First Steps nursery	307	-	307	314
	<u>659</u>	<u>-</u>	<u>659</u>	<u>656</u>
<i>Total 2016</i>	<u>656</u>	<u>-</u>	<u>656</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Investment income - local cash	2	-	2	1
	<u>1</u>	<u>-</u>	<u>1</u>	
<i>Total 2016</i>	<u>1</u>	<u>-</u>	<u>1</u>	

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

6. EXPENDITURE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational:					
Direct costs	7,214	-	451	7,665	3,238
Support costs	969	956	716	2,641	1,643
Operation of Feversham First Steps: Direct costs	186	10	4	200	198
	<u>8,369</u>	<u>966</u>	<u>1,171</u>	<u>10,506</u>	<u>5,079</u>
<i>Total 2016</i>	<u>3,874</u>	<u>641</u>	<u>564</u>	<u>5,079</u>	

In 2017, of the total expenditure, £463,000 (2016 - £322,000) was to unrestricted funds and £10,043,000 (2016 - £4,560,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses.

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

7. CHARITABLE ACTIVITIES

	2017 £000	2016 £000
DIRECT COSTS		
Wages and salaries	5,551	2,476
National insurance	512	237
Pension cost	1,151	366
Educational supplies	149	52
Examination fees	146	77
Staff development	27	14
Other direct costs	15	16
Technology costs	114	73
	<hr/> 7,665	<hr/> 3,311
SUPPORT COSTS		
Wages and salaries	965	611
Pension costs	4	4
Depreciation	518	412
Net interest cost on pension scheme	60	18
Recruitment and support	40	43
Maintenance of premises and equipment	123	62
Cleaning	11	6
Rates	100	51
Energy	157	59
Insurance	45	49
Transport	3	3
Catering	204	91
Occupancy costs	3	2
Other support costs	188	66
Governance costs	220	93
	<hr/> 2,641	<hr/> 1,570
Operation of Feversham First Steps Nursery	<hr/> 200	<hr/> 198
	<hr/> <hr/> 10,506	<hr/> <hr/> 5,079

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charitable group	518	412
Auditors' remuneration - audit	11	9
Auditors' remuneration - other services	1	2
Operating lease rentals	40	3
	<hr/> <hr/>	<hr/> <hr/>

FEVERSHAM EDUCATION TRUST
(A Company Limited by Guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	6,012	2,883
Social security costs	512	237
Operating costs of defined benefit pension schemes	1,155	370
	<hr/> 7,679	<hr/> 3,490
Apprenticeship levy	6	-
Supply teacher costs	433	170
Staff restructuring costs	65	34
Feversham First Steps Nursery	186	180
	<hr/> <hr/> 8,369	<hr/> <hr/> 3,874

Staff restructuring costs comprise:

	2017 £000	2016 £000
Severance payments	<hr/> 65	<hr/> 34

Included in operating costs of defined benefit pension schemes is a £351,000 debit (2016: £48,000) relating to the pension deficit actuarial adjustment.

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

	2017 No.	2016 No.
Teachers	122	55
Educational support	57	35
Other	78	38
	<hr/> 257	<hr/> 128

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	2
In the band £80,001 - £90,000	2	1
In the band £110,001 - £120,000	1	1

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £65,000 (2016: £34,000). Individually, the payments were: £7,000, £20,000 and £38,000

The key management personnel of the academy trust comprise the Senior Management Team as detailed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £1,113,000 (2016: £615,000).

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

10. CENTRAL SERVICES

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

- Catering
- IT services
- Professional fees
- Governance costs

The academy trust charges for these services on the following basis:

Charges are made on the basis of pupil numbers.

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
Feversham College	89	-
Queensbury School	132	-
Total	<u>221</u>	<u>-</u>

11. DIRECTORS' REMUNERATION AND EXPENSES

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

		2017 £000	2016 £000
CA Skelding, Head teacher	Remuneration	110-115	110-115
	Pension contributions paid	15-20	15-20
Staff Director	Remuneration	-	5-10
	Pension contributions paid	-	0-5
Staff Director	Remuneration	-	20-25
	Pension contributions paid	-	0-5
Staff Director	Remuneration	-	10-15
	Pension contributions paid	-	0-5
Staff Director	Remuneration	65-70	25-30
	Pension contributions paid	5-10	0-5

During the year, no Directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Directors received any reimbursement of expenses (2016 - £NIL to no Directors).

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

12. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was not separately identifiable from the total insurance cost.

13. INTANGIBLE FIXED ASSETS

Group	Software £000
Cost	
At 1 September 2016 and 31 August 2017	12
Carrying amount	
At 31 August 2017	12
At 31 August 2016	12
Academy trust	Software £000
Cost	
At 1 September 2016 and 31 August 2017	12
Carrying amount	
At 31 August 2017	12
At 31 August 2016	12

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

14. TANGIBLE FIXED ASSETS

Group	Leasehold property £000	Freehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost						
At 1 September 2016	19,113	-	13	171	143	19,440
Additions	-	190	-	17	9	216
Transfer on conversion	-	8,065	-	-	-	8,065
At 31 August 2017	19,113	8,255	13	188	152	27,721
Depreciation						
At 1 September 2016	1,697	-	13	100	100	1,910
Charge for the year	354	115	-	30	19	518
At 31 August 2017	2,051	115	13	130	119	2,428
Net book value						
At 31 August 2017	17,062	8,140	-	58	33	25,293
At 31 August 2016	17,416	-	-	71	43	17,530
Academy trust						
Cost						
At 1 September 2016	19,113	-	13	171	143	19,440
Additions	-	190	-	17	9	216
Transfer on conversion	-	8,065	-	-	-	8,065
At 31 August 2017	19,113	8,255	13	188	152	27,721
Depreciation						
At 1 September 2016	1,697	-	13	100	100	1,910
Charge for the year	354	115	-	30	19	518
At 31 August 2017	2,051	115	13	130	119	2,428
Net book value						
At 31 August 2017	17,062	8,140	-	58	33	25,293
At 31 August 2016	17,416	-	-	71	43	17,530

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

15. STOCKS

	<u>Group</u>		<u>Academy trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Finished goods and goods for resale	1	2	1	2

16. DEBTORS

	<u>Group</u>		<u>Academy trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	5	3	3	-
Amounts owed by group undertakings	-	-	107	112
VAT recoverable	12	9	12	9
Prepayments and accrued income	216	76	216	76
	<u>233</u>	<u>88</u>	<u>338</u>	<u>197</u>

17. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Academy trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	31	26	25	26
Other taxation and social security	134	71	133	70
Other creditors	5	5	5	-
Accruals and deferred income	319	7	318	7
	<u>489</u>	<u>109</u>	<u>481</u>	<u>103</u>

18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
General Funds	1,122	432	(264)	107	-	1,397
Feversham First Steps Nursery	-	307	(200)	(107)	-	-
	<u>1,122</u>	<u>739</u>	<u>(464)</u>	<u>-</u>	<u>-</u>	<u>1,397</u>

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

18. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grants (GAG)	574	9,116	(8,198)	(181)	-	1,311
Pupil Premium	-	564	(564)	-	-	-
Other DfE/ESFA Grants	-	172	(172)	-	-	-
Other Government Grants	-	179	(179)	-	-	-
Pension reserve	(1,460)	(1,613)	(411)	-	1,548	(1,936)
	<u>(886)</u>	<u>8,418</u>	<u>(9,524)</u>	<u>(181)</u>	<u>1,548</u>	<u>(625)</u>

Restricted fixed asset funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
DfE/ESFA capital grants	958	37	(26)	-	-	969
Capital expenditure from GAG	1,163	-	(56)	181	-	1,288
Legacy assets	15,311	8,065	(434)	-	-	22,942
Other government capital grants	29	-	(1)	-	-	28
Unrestricted fixed assets	81	-	(1)	-	-	80
	<u>17,542</u>	<u>8,102</u>	<u>(518)</u>	<u>181</u>	<u>-</u>	<u>25,307</u>
Total restricted funds	<u>16,656</u>	<u>16,520</u>	<u>(10,042)</u>	<u>-</u>	<u>1,548</u>	<u>24,682</u>
Total of funds	<u>17,778</u>	<u>17,259</u>	<u>(10,506)</u>	<u>-</u>	<u>1,548</u>	<u>26,079</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Unrestricted funds						
General Funds	984	343	(313)	108	-	1,122
Feversham First Steps Nursery	-	314	(206)	(108)	-	-
	<u>984</u>	<u>657</u>	<u>(519)</u>	<u>-</u>	<u>-</u>	<u>1,122</u>

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

18. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grants (GAG)	261	4,090	(3,697)	(80)	-	574
Pupil Premium	-	213	(213)	-	-	-
Other DfE/ESFA Grants	-	143	(143)	-	-	-
Other Government Grants	-	29	(29)	-	-	-
Pension reserve	(511)	-	(66)	-	(883)	(1,460)
	<u>(250)</u>	<u>4,475</u>	<u>(4,148)</u>	<u>(80)</u>	<u>(883)</u>	<u>(886)</u>

Restricted fixed asset funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
DfE/ESFA capital grants	973	16	(31)	-	-	958
Capital expenditure from GAG	1,131	-	(48)	80	-	1,163
Legacy assets	15,636	-	(325)	-	-	15,311
Other government capital grants	29	-	-	-	-	29
Unrestricted fixed assets	89	-	(8)	-	-	81
	<u>17,858</u>	<u>16</u>	<u>(412)</u>	<u>80</u>	<u>-</u>	<u>17,542</u>
Total restricted funds	<u>17,608</u>	<u>4,491</u>	<u>(4,560)</u>	<u>-</u>	<u>(883)</u>	<u>16,656</u>
Total of funds	<u>18,592</u>	<u>5,148</u>	<u>(5,079)</u>	<u>-</u>	<u>(883)</u>	<u>17,778</u>

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

General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is funding to be spent as the trust sees fit to support deprived students.

Other DfE/ESFA grants relates to Year 7 Catch up grant, Insurance grant, and funding for the expansion to form a MAT.

Other government grants relates to funding from the Local Authority.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 23.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Transfers between funds relate to the transfers from GAG monies to fund fixed asset purchases.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

FEVERSHAM EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Feversham College	2,076	1,696
Queensbury School	351	-
Central Services	282	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,709	1,696
Restricted fixed asset fund	25,307	17,542
Pension reserve	(1,936)	(1,460)
	<hr/>	<hr/>
Total	<u>26,080</u>	<u>17,778</u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
Feversham College	3,359	552	58	677	4,646	4,469
Queensbury School	3,855	417	90	728	5,090	-
Central Services	-	-	1	50	51	-
Trading Subsidiary	186	-	-	14	200	198
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,400	969	149	1,469	9,987	4,667
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Intangible fixed assets	-	-	12	12
Tangible fixed assets	-	-	25,293	25,293
Current assets	1,886	1,311	2	3,199
Creditors due within one year	(489)	-	-	(489)
Provisions for liabilities and charges	-	(1,936)	-	(1,936)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,397	(625)	25,307	26,079
	<hr/>	<hr/>	<hr/>	<hr/>

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £000	2016 £000	2016 £000	2016 £000
Intangible fixed assets	-	-	12	12
Tangible fixed assets	-	-	17,530	17,530
Current assets	1,128	677	-	1,805
Creditors due within one year	(6)	(103)	-	(109)
Provisions for liabilities and charges	-	(1,460)	-	(1,460)
	<u>1,122</u>	<u>(886)</u>	<u>17,542</u>	<u>17,778</u>

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

	Group
	2017 £000
	2016 £000
Net income for the year (as per Statement of Financial Activities)	6,753
Adjustment for:	
Depreciation charges	518
Dividends, interest and rents from investments	(2)
Decrease/(increase) in stocks	1
(Increase)/decrease in debtors	(145)
Increase in creditors	380
Capital grants from DfE and other capital income	(37)
Defined benefit pension scheme cost less contributions payable	351
Defined benefit pension scheme finance cost	60
Transfer of Queensbury	(6,452)
Net cash provided by operating activities	<u>1,427</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group
	2017 £000
	2016 £000
Cash in hand	2,965
Total	<u>2,965</u>

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

22. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 Queensbury School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Feversham Education Trust from Bradford Metropolitan District Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Freehold/leasehold land and buildings	-	-	8,065	8,065
Budget surplus on LA funds	78	-	-	78
LGPS pension deficit	-	(1,613)	-	(1,613)
Net assets	78	(1,613)	8,065	6,530

23. PENSION COMMITMENTS

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and

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23. PENSION COMMITMENTS (continued)

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £622,000 (2016 - £247,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £264,000 (2016 - £106,000), of which employer's contributions totalled £182,000 (2016 - £71,000) and employees' contributions totalled £82,000 (2016: £35,000). The agreed contribution rates for future years are 15.5% for employers and 12.2% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.25 %	3.40 %
Rate of increase for pensions in payment / inflation	1.90 %	1.90 %
Inflation assumption (CPI)	1.90 %	1.90 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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23. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	22.1	22.7
Females	25.2	25.6
Retiring in 20 years		
Males	23.0	24.9
Females	27.0	28.0

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
Discount rate +0.1%	5,849	2,873
Discount rate -0.1%	6,167	3,045
Mortality assumption - 1 year increase	5,827	2,865
Mortality assumption - 1 year decrease	6,186	3,052
CPI rate +0.1%	6,105	3,008
CPI rate -0.1%	5,908	2,909

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	3,138	1,125
Government bonds	391	168
Corporate bonds	159	63
Property	183	72
Cash and other liquid assets	61	21
Other	138	49
Total market value of assets	4,070	1,498

The actual return on scheme assets was £412,000 (2016 - £230,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £000	2016 £000
Current service cost	(563)	(119)
Interest income	70	46
Interest cost	(130)	(64)
Total	(623)	(137)

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23. PENSION COMMITMENTS (continued)

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

	2017 £000	2016 £000
Opening defined benefit obligation	2,958	1,679
Transferred in on existing academies joining the trust	3,490	-
Current service cost	563	119
Interest cost	130	64
Employee contributions	93	35
Actuarial (gains)/losses	(1,206)	1,067
Benefits paid	(22)	(6)
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Closing defined benefit obligation	6,006	2,958
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Movements in the fair value of the group's share of scheme assets:

	2017 £000	2016 £000
Opening fair value of scheme assets	1,498	1,168
Transferred in on existing academies joining the trust	1,877	-
Return on plan assets (excluding net interest on the net defined pension liability)	70	46
Actuarial losses	342	184
Employer contributions	212	71
Employee contributions	93	35
Benefits paid	(22)	(6)
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Closing fair value of scheme assets	4,070	1,498
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24. OPERATING LEASE COMMITMENTS

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

Group	2017 £000	2016 £000
Amounts payable:		
Within 1 year	39	2
Between 1 and 5 years	29	1
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Total	68	3
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At 31 August 2017 the academy trust had annual commitments under non-cancellable operating leases as follows:

Academy trust		
Amounts payable:		
Within 1 year	39	2
Between 1 and 5 years	29	1
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Total	68	3
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25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has 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 academy trust has taken advantage of exemptions under FRS 102 Related Party Transactions, not to disclosure related party transactions with wholly owned subsidiaries.

No other related party transactions took place during the period of account.

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26. PRINCIPAL SUBSIDIARIES

Feversham First Steps Limited

Subsidiary name	Feversham First Steps Limited
Company registration number	07609252
Basis of control	Wholly owned subsidiary
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 114,000
Total liabilities as at 31 August 2017	£ 114,000
Total equity as at 31 August 2017	£ -
Turnover for the year ended 31 August 2017	£ 307,000
Expenditure for the year ended 31 August 2017	£ 307,000
Result for the year ended 31 August 2017	£ -

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £46,000 and disbursed £43,000 from the fund. The academy charged £3,000 for administration fees. An amount of £nil is included in other creditors relating to undistributed funds that is repayable to ESFA.