

The First Federation Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Registration number: 07819870

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The First Federation Trust

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Reference and Administrative Details

Members	Mr N J Maguire, representing Clyst St George Parochial Church Council (resigned 30 May 2017) Mr R Churchill, representing Salisbury Diocesan Board of Education (appointed 1 June 2017) Mr R Power, representing Exeter Diocesan Education Network (EDEN) Mr A P Walmsley, Chair (appointed 26 September 2016)
Directors	Ms C Bromfield (appointed 1 May 2017) Mr D Q L N Brown (resigned 11 May 2017) Ms A Denner (appointed 1 May 2017) Ms A Gosling (appointed 1 May 2017) Mr P L Jones (resigned 31 August 2017) Mr N J Maguire Mr I J Thomas Mr P Walker (appointed 1 September 2017) Rev P Wimsett Mr A P Walmsley
Company Secretary	Ms I A Candy
Senior Management Team	P L Jones, Chief Executive Officer P Walker, Chief Executive Officer R Caunter, Head of Teaching & Learning J Huntington, Head of Teaching & Learning M O'Mahony, Head of Teaching & Learning F Pollard, Head of Teaching & Learning H Slater, Head of Teaching & Learning O Wilder, Head of Teaching & Learning A Jenkins, Teaching School Leader / EYFS Lead C Chapman, Chief Operations Officer E Lewry, Head of Teaching & Learning T Page, Head of Teaching & Learning F de Beer, Head of Teaching & Learning L Naldrett, Head of Teaching & Learning S Westwood, Head of Teaching & Learning C Fegan, Head of Teaching & Learning J Vanstone, Head of Teaching & Learning D Batchelor, Head of Teaching & Learning

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Reference and Administrative Details (continued)

Registered Office	Blackpool C of E Primary School Liverton Newton Abbot Devon TQ12 6JB
Company Registration Number	07819870
Independent Auditors	PKF Francis Clark Chartered Accountants and Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay TQ2 7FF
Bankers	Lloyds Bank 234 High Street Exeter EX4 3NL
Solicitors	Michelmores Woodwater House Pynes Hill Exeter EX2 5WR

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The First Federation started the year operating nine primary academies across Devon: Aveton Gifford CE Primary School, Blackpool CE Primary School, Brixington Primary Academy, Chudleigh Knighton CE Primary School, Lady Seaward's CE Primary School, Newton Ferrers CE Primary School, St Leonard's CE Primary School, Salcombe CE Primary School and Westcliff Primary Academy.

Genesis Academy Trust (Company Number 10277330), consisting of Hawkchurch CE Primary School, Musbury Primary School and Sidmouth CE Primary School, merged with the First Federation Trust on 1st June 2017. The First Federation Trust worked closely with Genesis Academy Trust, including holding joint directors meetings from September 2016 until the merger.

Gatehouse Primary Academy, a sponsored academy, joined the First Federation Trust on 1st July 2017 from ACE Academy Trust (Company Number 08782544).

Rockbeare CE Primary School joined the First Federation Trust on 1 December 2017.

All the Church schools within the Trust are in the Diocese of Exeter, with the exception of Hawkchurch CE Primary School which is in the Diocese of Salisbury.

In the Autumn 2016 school census, the First Federation Trust had 2,123 school age pupils on roll. In the Autumn 2017 school census, the First Federation Trust had 3,021 school age pupils on roll.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of The First Federation Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The First Federation 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors' indemnities

The Academy Trust through its Articles has indemnified its Directors to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance and Fidelity Guarantee cover. It has also purchased cover for the co-opted directors under the Trustee and Trust Fund Indemnity Trust.

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Directors' Report for the Year Ended 31 August 2017 (continued)

Method of recruitment and appointment or election of Governors

The First Federation Trust Articles of Association state that the number of directors shall be not less than three, but (unless otherwise determined by ordinary resolution) shall not be subject to a maximum (Article 45).

The First Federation Trust changed its Articles of Association with effect from 1 June 2017 to adopt the latest VA model articles from the DfE. This change affected Articles 45A (removed), Articles 46, 48 and 50 (amended), and Articles 50A and 50B (added) with regards to the composition of the board of directors.

Prior to the change, the Articles of Association stated that the composition of the board of directors was as follows:

- Two Foundation directors, appointed by the Foundation members (Article 50).
- A minimum of two parent directors if directors have not appointed Local Governing Bodies (Article 53).
- The Chief Executive Officer for as long as he remains in office.
- Up to four appointed co-opted directors, appointed by Foundation directors, with the consent of the Diocesan Board of Education (Article 58).

Following the change, the composition of the board of directors is as follows:

- Six Foundation directors, five appointed by Exeter Diocesan Education Network (EDEN) and one appointed by Salisbury Diocesan Board of Education (SDBE) (Article 50)
- A minimum of two parent directors if the Directors have not appointed Local Governing Bodies (Article 53).
- The Chief Executive Officer for as long as he remains in office.
- Co-opted Directors provided the number of Foundation Directors represent a simple majority of the total number of Directors of the Company (Article 58).

Directors are appointed based on the skills they bring to the board. These are assessed by interview. An annual skills audit takes place to identify any skill gaps and make plans to address it, either by recruitment or by training.

D Q L N Brown, parent director, resigned with effect from 11 May 2017.

A Denner and A E Gosling were appointed as co-opted directors with effect from 1 May 2017.

Following the adoption of the new Articles of Association:

- C Bromfield was appointed as co-opted director on 18 July 2017
- A Walmsley and A E Gosling who were already appointed as co-opted directors became Foundation directors, appointed by EDEN, with effect from 1 June 2017.

P L Jones, CEO, retired on 31 August 2017.

P S Walker was appointed as acting CEO with effect from 1 September 2017.

I J Thomas was re-appointed as co-opted director on 4 October 2017.

The change of Articles of Association also affected the Members for the Trust whose number changed from three (EDEN, Clyst St George Parochial Church Council and the chair of the board of directors) to five (EDEN, SDBE, University of St Mark and St John, a non Foundation member appointed by non Foundation directors and the chair of directors).

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Directors' Report for the Year Ended 31 August 2017 (continued)

Policies and procedures adopted for the induction and training of Directors

A Denner and A E Gosling were experienced maintained school governors prior to their appointment as director. Information was provided to them to help them understand their additional responsibilities as directors.

C Bromfield attended a new academy governor course provided by Babcock Learning & Development Partnership (LDP) Governor Support.

All directors received RaiseOnline data interpretation training in January 2017 and safeguarding training provided by Babcock LDP in April 2017.

Directors have access to general training and support provided by Babcock LDP Governor Support, the Exeter Diocesan Board of Education, as well as the National Governors Association, the Devon Association of Governors and Browne Jacobson. Details of courses and events are circulated to all directors by the Company Secretary and directors are encouraged to attend. Relevant newsletters, publications and guidance are circulated by the Company Secretary to keep the directors informed of statutory requirements and changes in legislation. Directors are encouraged to subscribe to the weekly email newsletter from the National Governors Association.

Organisational structure

The board of directors delegates to the Chief Executive Officer and the Federation Leadership Team the day to day running of the First Federation Trust schools. Their activities and decisions are monitored by the board of directors and its committees. There is an agreed scheme of delegation.

The Trust board of directors has one main committee, the Strategic & Audit committee (SAC committee), with agreed terms of reference, which focuses on School Improvement, Finance, Staffing, Health & Safety, and Safeguarding and fulfils the role of Audit committee as defined in the Academies Financial Handbook.

From September 2016, the board introduced two governance Hub Advisory Boards, each chaired by a director, to ensure there was appropriate governance arrangements in place to continue to effectively monitor the quality of teaching, pupils attainment, progress and behaviour, and that Church schools continue to develop their Christian distinctiveness. These operated across the First Federation Trust and Genesis Academy Trust prior to the merger.

From September 2017, the number of Hub Advisory Boards increased to three, due to the growth of the Trust. Each hub includes a school rated as outstanding by Ofsted and a sponsored school. The Hub Advisory Boards report to the SAC committee and have agreed terms of reference.

There are three other committees of the board, which meet on an 'as needed' basis:

- The Admissions committee, whose remit it to deal with decisions regarding pupils admissions.
- The First committee, whose remit is to hear complaints and staff discipline matters
- The Second committee, whose remit is to act as an appeals committee.

The Chief Executive Officer (Acting Chief Executive Officer from 1 September 2017) is the Accounting Officer of the Trust.

The Chief Operations Officer is the Chief Financial Officer of the Trust.

The First Federation schools follow the agreed First Federation Finance policy and procedures detailing the arrangements for the delegation of financial powers. Financial procedures were updated as a result of the growth of the Trust and a change in financial software.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration decisions for key management personnel are made by the Directors based on evidence which are linked to performance management outcomes and other indicators, such as pupils attainment and progress, and the outcome of Ofsted and SIAMS inspections.

Pay decisions in relation to senior leaders are made in line with criteria set out in STPCD, the Teachers' Standards.

School Support Staff are paid in line with the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service. The Trust refers to the Job Evaluation Scheme Guidance to grade posts. Where similar positions do not exist, research is conducted to grade appropriately these positions, based on responsibility and market rate.

CEO remuneration:

The CEO must evidence sustained high quality of performance, with particular regard to leadership, management and pupil progress at the Trust schools and will be subject to a review of performance against their appraisal objectives before any discretionary points will be awarded.

Annual pay progression within the ISR for this post is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.

The salary of the CEO was benchmarked during the academic year 2015-16 and again in September 2017.

Executive Heads / Teaching School Lead:

The Executive Heads must evidence sustained high quality of performance, with particular regard to leadership, management and pupil progress (staff development programmes for the Teaching School Lead) at the Trust schools within their hub and will be subject to a review of performance against their appraisal objectives before any discretionary points will be awarded.

Annual pay progression within the ISR for this post is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.

Heads of Teaching & Learning / Assistant Heads of Teaching & Learning / Unit leaders remuneration:

Heads of Teaching & Learning (or Equivalent) must evidence sustained high quality of their performance in respect of school leadership and pupil progress and will be subject to a review of performance against their performance management objectives before any discretionary points will be awarded.

Annual pay progression within the pay range for these posts is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.

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Directors' Report for the Year Ended 31 August 2017 (continued)

In addition, the Directors will make such payments as they see fit to a Teacher, including key management personnel, in respect of:

- Outstanding schools
- Exceptional Performance
- Lead for a school in Ofsted Category
- Sponsor Lead for Sponsor Academy
- National Leader of Education
- Director
- Continuing professional development undertaken outside of the school day
- Activities relating to the provision of initial teacher training as part of the ordinary conduct of the school
- Participation in out-of-hours learning activity agreed between the Teacher and the Executive Headteacher or, in the case of the Executive Head Teacher, between the Executive Headteacher and the relevant body

Key support staff management personnel:

These include the COO, Hub Business Managers and Company Secretary.

The Directors will make such payments as they see fit to Support Staff, including key support staff management personnel in respect of:

- Exceptional Performance
- Continuing professional development undertaken outside of the school day
- Participation in out-of-hours learning activity agreed between the Support Staff member and the Executive Headteacher or Business Manager
- Supporting staff and other schools beyond their school.

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Directors' Report for the Year Ended 31 August 2017 (continued)

Related parties and other connected charities and organisations

Blackpool CE Primary School was awarded Teaching School status on 1 September 2013. This Teaching School is called Primary Excellence Teaching School and provides services to the First Federation schools as well as to other schools outside the First Federation Trust. During the accounting period, Primary Excellence Teaching School worked with the Devon Local Authorities to help support the Newton Abbot Key Priority Area for school improvement and to offer the Ofsted accredited Improving Teacher Programme to teachers that have been identified as needing support by the Devon School Improvement team leaders.

The First Federation Trust schools work with the universities of Exeter, Plymouth and St Mark and St John to support teacher training and offer School Direct places in partnership with the university of St Mark and St John.

P L Jones, CEO until 31 August 2017, is a National Leader of Education and has supported a number of schools causing concerns. He was seconded for three days a week to the office of the south west Regional Schools Commissioner from September 2016 until April 2017. In September 2017, he became an Education Consultant and started to provide school improvement and leadership development support to the Trust, under an agreement with the board of directors to help with the transition to a new CEO and support the development of the Executive Heads.

P S Walker, acting CEO from 1 September 2017, is the chair of the Devon Association of Primary Headteachers and a member of the Schools Finance Group, working alongside the Local Authorities.

A Jenkins is the lead for the Primary Excellence Teaching School and a Specialist Leader of Education. She liaises with other Devon teaching schools, the National College and Devon School Improvement Team.

Each of the Federation schools has a Parent Teacher Association which raises funds to enhance the provision of education to the children.

Objectives and activities

Objects and aims

The Company's object ("the Object") is specifically restricted to the following:

to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

(i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Exeter Diocesan Board of Education; and

(ii) other Academies not designated as Church of England schools whether with or without a designated religious character;

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

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Directors' Report for the Year Ended 31 August 2017 (continued)

Objectives, strategies and activities

The key objectives and strategies for achieving these objectives are clearly defined in the First Federation Improvement Plan. In addition, the board of directors and the Strategic & Audit committee regularly review and discuss the First Federation pupils performance data (e.g. RaiseOnline/ASP) and the financial position of the First Federation Trust. From September 2016, their oversight of pupils performance has been further supported by the work of the governance Hub Advisory Boards.

Directors have agreed a growth strategy and continued to keep the structure of the Trust under review to ensure it continues to meet the needs of the organisation and is appropriate for the anticipated growth.

The experienced CEO retired on 31 August 2017 and an acting CEO was appointed with effect from 1 September 2017. The board is working on appointing a permanent CEO and has agreed a robust recruitment process to do so.

Public benefit

The First Federation Trust provides education services to all children in their local area and community through its schools and their involvement in their Local Learning Communities, and in other areas of Devon, Plymouth and Dorset through the services of Primary Excellence Teaching School.

All the schools within the First Federation Trust provide an inclusive curriculum, offer the facility for local organisations to let their premises, work with their local preschools to ensure a smooth transition into their reception classes and work with their local secondary schools to ensure a smooth transition into secondary education for pupils.

During the accounting period, Primary Excellence Teaching School had delivered a Newly Qualified Teacher development programme, six Improving Teacher Programmes, two Outstanding Teacher Programme and two Outstanding Teaching Assistant Programmes as well as other short courses to help improve the quality of teaching, both within the First Federation Trust schools and in other schools in Devon.

In addition, Primary Excellence Teaching School has worked with local preschool and nurseries on a project funded by the National College to help improve the quality of Early Years providers.

The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

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Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

The vision for the Trust is that:

Everyone works to enable outstanding learning and teaching - putting children first.

We will achieve our vision if:

- Every child is taught by an Outstanding Teacher
- Every child is inspired to learn by an exciting, innovative, and challenging curriculum
- Everyone in the Trust is a Lifelong Learner
- We have Distributed Leadership at every level

Our goal is that every school in the Trust is judged excellent by the children, the parents and carers and local community, as well as outstanding by Ofsted and SIAMS. As a federation of Church schools we believe that:

Church Schools are places where the person of Jesus Christ is at the centre of all the schools are and do.

During the accounting period, the Trust has grown from nine to thirteen schools (three through the merger of Genesis Trust with First Federation). During the previous academic year one school, Chudleigh Knighton was inspected by Ofsted (Good). There were five SIAMS inspections (Four Outstanding and one good). The Trust was identified as one the ten best performing Trusts in the country. The Trust continues to be named in various case studies for good practice in school improvement and leadership by the DfE, Ofsted and the National School Commissioner's office.

The schools within the Trust worked to deliver a shared set of objectives as set out in the Improvement Plan (FIP) The key areas of the plan for 2016/17 were:

1. English
2. Maths
3. Assessment
4. Christian Distinctiveness
5. Leadership and Management

Each plan has a shared aim of improving the quality of teaching and learning in all schools, setting children up to become lifelong learners.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Key Performance Indicators

First Federation Trust Ofsted Judgements

School and date joined First Federation	Ofsted before joining First Federation	Latest Ofsted judgement
Blackpool CE Primary, 2006	Good with Outstanding	Outstanding, 2012
Chudleigh Knighton CE Primary, 2006	Notice to improve, 2006	Good, 2017
Lady Seawards CE Primary School, 2008	Satisfactory	Outstanding, 2016
Salcombe CE Primary School, 2008	Satisfactory	Good, 216
Newton Ferrers CE Primary School, 2010	Good with Outstanding	Outstanding, 2011
Aveton Gifford CE Primary School, 2011	Good with satisfactory Leadership	Good, 2016
Brixington Primary Academy, 2015 (Sponsored)	Inadequate	
Westcliff Primary Academy, 2016 (Sponsored)	Requires Improvement	
St Leonards CE Primary, 2016	Outstanding	
Sidmouth CE Primary, 2017	Good with Outstanding L&M	
Musbury Primary, 2017	Requires Improvement	
Hawkchurch CE Primary, 2017	Good	
Gatehouse Primary Academy, 2017 (Sponsored)	Requires Improvement	

The Trust has 57% of its converter academies, who joined before 2017, being judged as outstanding by Ofsted with 78% of the children attending an outstanding school.

School to School Support

The First Federation is a nationally recognised collaboration of schools. The core element of the federation is the sharing of best practice through distributed leadership. The benefits of this 'hardwired' learning community are:

- An absolute focus on improving outcomes for children
- Improved teaching and learning through sharing best practice
- Enhanced learning and curriculum opportunities for children
- A coherent system of professional development, support and accountability

Within the Federation we have access to a National Leader of Education (NLE), a National Support School (NSS) and a highly-experienced Academy Improvement consultant. The Trust also worked closely with the Local Authority and Babcock LDP on a range of school improvement initiatives.

Blackpool CE Primary was awarded Teaching School status from September 2013. The Teaching School is called The Primary Excellent Teaching School Alliance. Our strategic partners are: Devon County Council, Babcock LDP, Exeter Diocese, Exeter University, Plymouth University, University of St Mark and St John, Ilsham Academy and the Southern Educational Leadership Trust (SELT).

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

The First Federation Trust is an integral part of the Teaching School with our focus on working with schools across Devon and the South West to improve outcomes for all pupils. Teaching Schools are expected to take increasing responsibility for leading and managing the school's system. Their core work is across the following six areas:

1. Initial Teaching Training (ITT)
2. Continuing Professional Development and Leadership Development
3. Succession planning and talent management
4. School to school support
5. Specialist Leaders of Education (SLEs)
6. Research and development (R&D)

During 2016/17, we have worked with over 65 staff from institutions outside of the First Federation delivering nationally recognised programmes: Outstanding Teacher Programme, Improving Teacher Programme and Outstanding Leader of Education Programme. We have also worked with schools on improving the Leadership capacity and quality of teaching and learning.

The Trust, through its Teaching School, Primary Excellence, the NSS, NLE and SLE's supported many schools over the year. The Trust supported schools directly through the NLE and NSS work. The Trust is an accredited sponsor and now sponsor three schools, two from the previous academic year and a further one this year.

In 2017, the Primary Excellence Teaching School became a Designated Ofsted Centre, this allows the Teaching School to QA and accredit programme on behalf of the programme provider. Over the year, we facilitated nine programmes. As a Teaching School, we work with the local authority to provide support for schools as part of the Keys to Success Programme. The Teaching School also provides teacher training through the Schools Direct route. Four trainees were on the programme during 2016-7, with three gaining employment in the First Federation Trust.

Financial Governance

The First Federation has been nationally recognised for its innovative and strategic Governance structure. The First Federation Trust is included as an example of good practice in the guidance on good practice and expectations for growth published in December 2016 by the DfE for Multi Academy Trusts. The Trust's Directors have a range of high level skills and expertise in Business, Finance and Personnel. A chartered accountant joined the board in 2015 and supported and challenged the very experienced Chief Operating Officer (COO) on all aspects of financial best practice. He also provides the board with the expertise and information enabling them to strongly challenge the decision makers within the Trust.

The Trust's COO and Leadership Team ensure all the services to the Trust are evaluated and appraised to ensure they provide the highest quality of service for the best cost. As a group of schools, the Federation has been able to use competitive tendering and strong negotiation to ensure the Trust uses its economies of scale to reduce procurement costs, as a Federation, we have reorganised the administration in school enabling each school's office staff to focus on ensuring best value as well as providing high quality front of house for parents and visitors.

The Strategic and Audit Committee of the Trust is provided with comprehensive details of services, contracts and purchasing and has a member who is a chartered accountant who provides strong support and challenge.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

2016-17 KS2 Data

2016-17 Attainment Data - % EXS (Expected Standards) / GDS (Greater Depth)

RWM - Reading, Writing, Maths combined SPAG - Spelling, Punctuation and Grammar

	RWM EXS +	RWM GDS	Readin g EXS+	Readin g GDS	Writing EXS+	Writing GDS	Maths EXS+	Maths GDS	SPAG EXS+	SPAG GDS
National	61	9	71	25	76	18	75	23	77	31
South West	60	9	73	26	75	18	73	20	75	28
Devon	62	8	75	28	76	18	74	19	75	27
FFT member all 2016- 17/no sponsor	74	18	83	37	85	26	84	27	82	30
AG	85	8	85	23	93	38	85	15	69	8
BPS	76	22	84	42	85	24	96	40	93	36
CK	85	31	85	31	85	15	85	23	85	31
LS	86	29	100	57	86	43	100	43	100=	71
NF	89	28	94=	50	89	39	94=	39	83	39
SAL	42	0=	67	33	75	25	42	0	50	8
STL	67	13	80	33	84	21	79	21	79	28
Sponsor all 2016-17	50	9	65	21	65	15	58	13	70	24
BPX	49	11	68	25	68	19	54=	14	68	25
WES	53	6	71	22	61	10	63	12	73	22
Joiners June 17	50	4	70	14	70	17	62	16	62	15
SID	50	4	70	14	70	17	63	17	63	14
HAW	60	0	80=	20	80	20	60	0	60	0
MUS	0	0	0	0	0	0	0	0	0	0
GAT – Sponsor July 17	36	2	63	19	54	5	46	5	64	17

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Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

KS2 Progress Data compared to 2016

	Reading		Writing		Maths	
FFT member all 2016-17/no sponsor	2017	2016	2017	2016	2017	2016
AG	-2.7	3.52	2.3	3.56	-2.9	1.35
BPS	3.4	3.1	1.4	3.5	3.9	-1.23
CK	4.1	3.67	3.1	-2.93	2.9	2.18
LS	7.4	2.72	2.9	4.69	4.2	2.34
NF	6.3	4.29	3.9	3.55	3.1	3.57
SAL	3.4	-1.41	3.1	-1.41	-2.3	-0.46
STL	0.8	4.32	0.2	-1.35	-1.8	2.8
Sponsor all 2016-17	2017	2016	2017	2016	2017	2016
BPX	0.1	-1.19	0.6	-4.65	-2.7	-1.82
WES	1.2	-1.5	-0.7	-4.1	-1.3	-2.4
Genesis 2016-17	2017	2016	2017	2016	2017	2016
SID	-2.0	-2.58	-2.4	-4.42	-2.7	-2.55
HAW	-2.9	1.67	-2.7	-3.5	-5.2	-3.57
MUS	5.8	3.09	-5.6	-2.04	-1.7	-3.47

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Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Disadvantaged Pupils Attainment Information, Year 6

		RWM EXS+	Readin g EXS+	Writing EXS+	Maths EXS+	SPAG EXS+
National		67	77	81	80	
FFT member all 2016-17/no sponsor		53	73	73	73	66
AG	0	-	-	-	-	-
BPS	5	40	80	60	100	100
CK	2	50	50	50	50	50
LS	1	100	100=	100	100	100=
NF	1	100	100	100	100=	100
SAL	2	50	50	100	50	50
STL	4	50	75	75	50	25
Sponsor all 2016-17		53	70	70	54	70
BPX	13	46	69	62	46	62
WES	13	56	69	77	62	77
Genesis 2016- 17		33	62	52	38	43
SID	21	33	62	52	38	43
HAW	2	50	50=	50=	50=	50=
MUS	1	0	0	0	0	0
GAT	12	25	58	50	42	75

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Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Disadvantaged Pupil progress compared to 2016

	Reading		Writing		Maths	
FFT member all 2016-17/no sponsor	2017	2016	2017	2016	2017	2016
AG	-	-	-	-	-	-
BPS	3.04	0.30	-5.84	-0.56	3.06	-2.78
CK	2.53	4.27	2.57	4.29	0.57	0.83
LS	6.2	1.55	3.29	-1.50	3.93	1.91
NF	2.5	1.06	4.59	1.98	4.72	5.2
SAL	1.65	1.9	5.69	-1.38	-6.48	-0.5
STL	-0.87	0.56	2.25	3.12	-4.63	4.65
Sponsor all 2016-17	2017	2016	2017	2016	2017	2016
BPX	-1.95	-0.56	-2.06	-6.79	-5.85	-4.0
WES	2.26	-2.06	-1.20	-7.86	-1.99	-4.77
Genesis 2016-17	2017	2016	2017	2016	2017	2016
SID	-0.74	-4.24	-5.25	-7.19	-3.9	-3.9
HAW	-7.75	-0.13	-7.76	-8.19	-4.27	-3.53
MUS	5.84	0.62	-5.62	-1.67	-1.66	-4.44

All groups of pupils were challenged and supported to improve. Disadvantaged pupil's outcomes are reported to the Board of Directors as a regular agenda item to track their progress and monitor progress with closing the attainment gap with all other pupils nationally.

One school had an Ofsted inspection in 2016/17; Chudleigh Knighton was judged as a Good school. The Trust received five SIAMS inspections in the same period. Blackpool, Lady Seward's, Chudleigh Knighton and Newton Ferrers were all judged as Outstanding and Aveton Gifford was graded as Good.

Key Financial Performance Indicators

The main financial performance indicator is the level or reserve held by the trust. This will continue to be a particular focus as funding is expected to decrease in real terms over the next few years.

Pupils numbers are key performance indicator, as finances are based on these numbers for the following year. Schools with lower numbers have been able to promote themselves locally to secure more pupils in the following year. Pupil numbers over the last three Autumn census returns are as below:

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

School	Autumn 2015	Autumn 2016	Autumn 2017
Aveton Gifford	87	94	103
Blackpool	330	322	319
Brixington	390	395	393
Chudleigh Knighton	118	111	120
Gatehouse			365
Hawkchurch			29
Lady Seaward's	89	96	100
Musbury			32
Newton Ferrers	113	127	137
Salcombe	84	75	69
St Leonard's		534	557
Sidmouth			472
Westcliff		335	325
Total	1,211	2,089	3,021

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.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial review

Most of the academies' income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The First Federation Trust also received grants from Devon County Council for Individually Assigned Resources, to support students who are eligible for either SEN support funding or have an Education Health Care Plan with associated funding allocation. 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.

During the year ended 31st August 2017, total expenditure was £12,659,000. Included in this expenditure was depreciation and amortisation of £431,000. The surplus was £5,231,000 for the year ended 31st August 2017.

Our pension liability valued in line with IAS 19, causes concern to The First Federation Trust, as it does with all other academies in the UK. Note 30 to the accounts explains these commitments more clearly and shows that as at 31st August 2017 we had a liability of £5,409,000.

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.

At 31st August 2017 the net book value of fixed assets was £16,846,000 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils within the trust.

During the year Genesis Academy Trust joined the First Federation, on conversion Genesis were in a deficit position which the FFT had to cover with their reserves to enable Genesis to continue to meet financial commitments. The in year budgets for the Genesis schools were in a deficit position. This resulted in scrutinising pupil numbers at the 3 schools (Hawkchurch, Musbury & Sidmouth) and as a result it was proposed to reduce the class sizes at Sidmouth Primary School by combining year groups to enable savings to be made by the reduction in teacher numbers. This will continue to be considered based on pupil numbers until we are able to provide a balanced budget. The other consideration we need to make is that Sidmouth CE Primary School is made up of 3 sites, Woolbrook, Manstone & Vicarage Road. These were in the past 3 individual schools and therefore have the premises/running costs associated with this. Current school funding including split site funding is not sufficient to cover the additional costs of running additional sites so we need to work with the ESFA on how we can address this.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Brixington Primary Academy's budget for 2017/2018 showed an in year deficit position and following a review of the staffing requirements across the school a decision was made to reduce the number of Teaching Assistants through a redundancy process. This will take effect from January 2018, therefore reducing staffing costs to bring the budget into a more manageable position.

The FFT were successful in obtaining Condition Improvement Funding (CIF) from the ESFA that has enabled a new classroom to be built at Lady Seaward's CE Primary School. This is a major achievement for the school as pupil numbers continue to grow due to local development taking place. The classroom was completed in early November 2017.

We were also successful in a CIF bid to undertake major drainage repair works at Westcliff Primary Academy. These works were carried out during the summer term 2017.

Devon County Council are also working with Westcliff Primary School to fund an additional 6 classrooms on the school site to provide additional places due to the housing development in and around Dawlish.

Reserves policy

The Directors have reviewed the resources of the Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors take in consideration the future plans of the Trust, the uncertainty over future income streams and other keys risks identified during the risk review.

The Directors are aware that we need to ensure a sufficient level of reserves are kept to reflect the current size of the Trust and have determined that the appropriate level of free cash reserves should be a least 1 month of salary costs. The current level of reserves matches one month worth of salary costs (approx. £1M).

Investment policy

The Directors made the decision to invest some of the Trust reserves whilst retaining enough reserves available for contingencies. The follow amount were invested in high interest accounts: £500K was invested on 23rd September 2016, matured on 25th September 2017. £300K was invested on 20th March 2017 and is due to mature on 20th March 2018.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Principal risks and uncertainties

The Directors regularly review the risks to the First Federation Trust and have established a risk management policy and register for the Trust. As recommended during the Summer 2017 internal audit visit, the risk register will be split between Trust wide risks and school/hub specific risks for the financial year 2017-18.

The Directors continue to closely monitor pupil numbers for each school within the Trust and to review these against staff and class structures to ensure that sustainable budgets are set to reflect expected changes. This is a key financial risk, particularly as funding was reduced by approximately £100 per pupil for 2017-18 and there are further expected changes in the funding formula. There are particular concerns around the financial sustainability of the two smaller schools – Hawkchurch CE Primary School and Musbury Primary School.

The board worked on succession planning and on the Trust leadership and governance structure to ensure it continues to meet the needs of the Trust. The role of CEO and Executive Heads was split. Executive Heads were appointed to lead three educational hubs (i.e. groups of schools).

As expected, the CEO retired on 31 August 2017. An acting CEO (who was previously CEO of Genesis Academy Trust) was appointed with effect from 1 September 2017. During 2016-17, the board agreed and started to implement a robust recruitment plan to recruit a new CEO.

The board has also put in place governance Hub Advisory Boards with a remit to monitor the performance of each hub. The number of schools within each educational hub is expected to grow as the Trust grows.

The Trust Senior Leadership Team will continue to work on identifying future leaders who can take on additional responsibilities as the Trust grows, as well as forthcoming vacancies which are not expected to be successfully filled by internal applicants so these can be advertised.

Following a period of significant staff and parental dissatisfaction at St Leonard's CE Primary School which the Trust could only mitigate, the board of directors discussed with the office of the Regional School Commissioner (RSC) and the Diocese of Exeter the option of transferring the school to another Trust. Consultation has taken place on this option during the Autumn term 2017.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Plans for future periods

Our vision is that all schools within the Federation become Outstanding when inspected by Ofsted and SIAMS.

Rockbeare CE Primary joined the Trust in December 2017, after the end of the accounting period. Another school is currently being supported by the Trust, through a Management Partnership with Devon County Council. The school has applied to join the First Federation Trust this year.

During 2017, there were a number of issues raised by parents, staff and the community of St Leonard's CE Primary School. There was a lot of dissatisfaction with the relationship between the school and Trust. The Directors agreed to consider these issues. Following a meeting with representatives from Regional Schools Commissioner Office and the Diocese of Exeter, it was agreed to explore alternative options for the school. A consultation has been held with all stakeholders and we await a decision from the RSC about the next steps for this school.

We will continue to work closely with our Teaching School and increase the number of participating schools from within the Trust and the local area. We will also seek to develop more partnership working with other Trusts and Teaching Schools. We have applied to the current Strategic School Improvement Fund (SSIF) and hope this will provide funding to develop support programmes, working with nearly 50 local schools.

Our expertise is in primary education. We have a strong track record of improving pupils' outcomes in the schools that have joined us. We aim to grow in a sustainable manner to ensure that we continue to be a successful Trust. Providing the best outcomes and opportunities for our pupils will remain the aim at the heart of everything we do and develop as a Trust.

Employment of disabled persons

The First Federation is committed to abiding by the Equality Act 2010 and has an Equality policy in place. The Trust recruitment policy helps to ensure that no applicant is disadvantaged or discriminated against because of the protected characteristics of age, disability, gender, gender re-assignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief and sexual orientation. If an applicant makes the First Federation Trust aware, at any stage of the recruitment process, that they have a disability then the Trust will consider reasonable adjustments to ensure the applicant is not disadvantaged by the process. Should an employee become disabled, particular consideration will be given to whether there are reasonable adjustments that could be made to the requirements of a job or other aspects of working arrangements that will provide support at work and/or assist a return to work for that employee. Employees will have access to the same training, career development and promotion prospect unless reasonable adjustments cannot be made to ensure this is possible. The Code of Conduct for Staff requires employees to positively promote equality and diversity and inclusion at all times.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Description of employee consultation

Changes to arrangements that affect all employees across the Trust are communicated by the HoTLs (and/or unit leaders in larger schools), e.g. changes to existing policies that do not require consultation. Staff are informed by email and by their HoTL (and/or unit leader in larger school) of any proposed policy changes that require staff consultation, as stated in the text of the policy. A hard copy of the proposed policy is made available in each school's staff room, and an electronic copy of the proposed policy is sent to all staff as well as to relevant unions, together with clear information about the period of consultation and the ways to reply to it.

Changes that affect a sub-group of employees are communicated in writing and by meeting both as group and individually with the affected employees. This includes giving out written and verbal information about the proposed changes and the reasons for them, the start and end date of the consultation, who to ask for more information and how to respond to the consultation. Unions are involved when appropriate.

During 2016-17, Teaching Assistants at Brixington Primary Academy were consulted on redundancies due to a reduction in funding to the school for the academic year 2017-18. The consultation ended during the Autumn Term 2017 with no compulsory redundancies being made and eight members of staff taking voluntary redundancy.

Funds held as Custodian Trustee on behalf of others

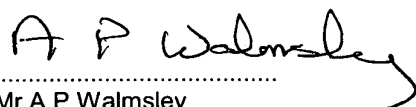
None of the First Federation Trust academies hold funds on behalf of others.

Auditor

In so far as the Directors are aware:

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

The Directors' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on 18.12.17 and signed on its behalf by:



Mr A P Walmsley
Director

The First Federation Trust

Governance Statement

Scope of responsibility

As directors we acknowledge we have overall responsibility for ensuring that The First Federation 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 Mr P L Jones, CEO, until 31 August 2017 and to Mr P S Walker, acting CEO from 1 September 2017, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the First Federation Trust and the Secretary of State for Education. He is 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 4 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Trustee	Meetings attended	Out of a possible
Ms C Bromfield	1	1
Mr D Q L N Brown	2	3
Ms A Denner	1	1
Ms A Gosling	1	1
Mr P L Jones	4	4
Mr P Walker	0	0
Mr N J Maguire	0	4
Mr I J Thomas	4	4
Rev P Wimsett	3	4
Mr A P Walmsley	4	4

The First Federation Trust

Governance Statement (continued)

Mr N J Maguire was very ill during most of the accounting period, hence his lack of attendance at meetings.

The key changes in the composition of the board were as follows:

- Mr D Q L Brown resigned from the role of parent director on 11 May 2017.
- Mrs A Denner and Mrs A E Gosling were appointed as co-opted directors with effect from 1 May 2017.
- Following the change in Articles of Association effective on 1 June 2017, Mrs A E Gosling and Mr A P Walmsley were appointed as foundation directors by EDEN with effect.
- Dr C Bromfield was appointed as co-opted director with effect from 1 July 2017.
- Mr P L Jones retired as CEO on 31 August 2017. Mr P S Walker was appointed as acting CEO from 1 September 2017.

The board agreed to work closely with the board of the Genesis Academy Trust from September 2016, and to hold joint board meetings with them.

A parent representative is elected by parents at each school. Parent representatives visit their own school and another school that they are partnered with. They report the outcome of their visits to the board of directors (from September 2017, the hub boards).

The key changes in parent representatives were as follows:

- Mrs J Bennet resigned from her role as parent representative for Salcombe CE Primary School. Mr K Towns was appointed as her replacement with effect from 27 April 2017.
- Mrs G Reed was appointed as parent representative for St Leonard's CE Primary School with effect from 7 June 2017.
- Mrs C Guyver and Mrs J Cuddihy were appointed as parent representatives for Newton Ferrers CE Primary School and Hawkchurch CE Primary School respectively with effect from 14 June 2017.
- Mrs J Webb and S Cadle resigned from their role as parent representative for Lady Seaward's and Aveton Gifford CE Primary Schools respectively with effect from 31 August 2017. The vacancies were advertised and new parent representatives are in the process of being appointed.
- Mrs C Henderson resigned from her role as parent representative for Westcliff in October 2017. The vacancy has been advertised.
- The vacancy for parent representatives at Sidmouth CE Primary School and Musbury Primary School have been advertised and candidates identified. The appointment process is being finalised.

The First Federation Trust

Governance Statement (continued)

Governance reviews

- Directors were asked in September 2016 to complete the National Governors Association skills audit form to ensure any skills gaps are identified. Safeguarding and Raise online data interpretation training was organised as a result. Directors were asked to update their forms in September 2017 to continue to help with succession planning and training.
- Governance hub advisory boards were introduced from September 2016, to monitor the performance of sub-groups of schools within the Trust. The vision is that each governance hub will include up to six schools, and will replicate the successful systems introduced by the First Federation Trust when it was smaller. Directors are continuing to review the effectiveness of the governance structure, in particular the role of hub board and the impact on monitoring individual schools' and hub performance. The format of reports has been reviewed to ensure the information provided to the different governance levels is focussed, consistent and comprehensive.
- A development morning was held on 8 October 2016 for everybody involved in the governance of the First Federation and Genesis Academy Trusts (members, directors, parent representatives, CEOs, Executive Heads of Teaching & Learning, COO and Company Secretaries). This covered information about the current educational landscape and DfE policy, the new leadership and governance structures, the vision and values of the First Federation Trust and plans for the future. This proved to be very successful and another development morning was held on 23 September 2017.

The Board of Directors has a Strategic & Audit committee, whose remit includes Finance, which met nine times during the year. Attendance during the year at meetings of the committee was as follows:

Trustee	Meetings attended	Out of a possible
Ms A Denner	3	3
Ms A Gosling	3	3
Mr P L Jones	8	9
Mr A P Walmsley	9	9
Mr I J Thomas	9	9

During the accounting period, the Board had two main advisory groups: the Ethos group and the Parent Representatives group, in addition to the governance hub advisory boards.

The Academy Improvement Advisory Board, for Brixington Primary Academy, whose remit was to report on the impact of joining the Trust on the quality of teaching, pupils' academic and personal development and pupils' behaviour was disbanded at the end of 2015-16 as it had achieved his transition role.

A Local Governing Board (LGB) was established for St Leonard's CE Primary School from the summer term to help address a number of parental concerns at the school.

The First Federation Trust

Governance Statement (continued)

Review of Value for Money

As accounting officer, Mr Paul Walker, CEO, has responsibility for ensuring that the First Federation 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 available. The accounting officer for the First Federation Trust has delivered improved value for money during the year as follows:

- The First Federation Trust continues to monitor decisions around staffing levels across all the schools. We have been able to recruit 3 school direct students that we trained through our teaching school. Teachers have also transferred schools within the Trust to enable best practice to be shared and provide leadership opportunities.
 - As the Trust has grown from 9 to 13 schools we are working with current contractors to provide efficiencies across all schools. We inherit contracts from schools that join the trust and we therefore focus on these to ensure that we are receiving value for money. We have registered our interest to become part of the DfE procurement Regional Buying Hubs which will enable our schools to utilise best practice.
 - There is a continuing emphasis on staff development and through our teaching school, Primary Excellence, we are able to provide ongoing in house professional development to teachers across the Trust and externally. This supports the vision for our Trust that we develop our future leaders.
 - The structures in place for procurement are strengthened by the network of administrators and Hub Business Managers across the Trust who meet on a regular basis to share good practice. This encourages a dialogue with contractors/suppliers who provide good value for money. This has been particularly evident this year in the supply of consumables and furniture.
- The First Federation Trust was identified in the DfE publication in December 2016 Multi-academy trusts Good practice guidance and expectations for growth.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/576240/Multi-academy_trusts_good_practice_guidance_and_expectations_for_growth.pdf

The First Federation Trust

Governance Statement (continued)

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

The board of directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the directors have appointed Devon Audit Partnership, as responsible officer (RO). The RO role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO has a termly programme of visits, which covers items in line with the ESFA's requirements, and 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 RO produced three reports:

- one in November 2016 (focus on Governance, Accounting and Financial Control - Anti-fraud, and Internal Finance Controls: Salaries, Wages, Expenses and Assets)
- one in March 2017 (focus on Income, Purchases & Payments, Contracts and Tendering, Investments and Single Central Record)
- one in August 2017 (Risk Management review)

which highlighted that the standards of the Trust systems were at least good and in many cases high. All three reports were shared with directors. Recommendations for improvement were acted upon.

The First Federation Trust

Governance Statement (continued)

Review of effectiveness

As accounting officer the CEO until 31 August 2017, Mr P L Jones, and acting CEO from 1 September 2017, Mr P S Walker has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

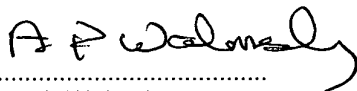
- the work of the responsible officer;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the strategic and audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 18.12.17 and signed on its behalf by:



.....
Mr P Walker
Accounting officer
Director



.....
Mr A P Walmsley
Director

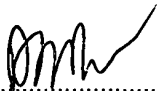
The First Federation Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The First Federation 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 Board of Directors of the First Federation Trust 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.



.....
Mr P Walker
Accounting officer

Date: 18.12.17

The First Federation Trust

Statement of Directors' Responsibilities

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

Company law requires the 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 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:

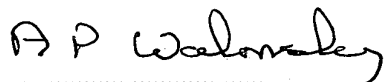
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 18.12.17 and signed on its behalf by:



.....
Mr A P Walmsley
Director

The First Federation Trust

Independent Auditor's Report on the Financial Statements to the Members of The First Federation Trust

Opinion

We have audited the financial statements of The First Federation Trust (the 'Academy') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Use of our report

This report is made solely to the Academy'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'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 and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

The First Federation Trust

Independent Auditor's Report on the Financial Statements to the Members of The First Federation Trust (continued)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 30], 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 Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The First Federation Trust

Independent Auditor's Report on the Financial Statements to the Members of The First Federation Trust (continued)

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

PKF Francis Clark

Sharon Austen (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date: *18 December 2017*

The First Federation Trust

Independent Reporting Accountant's Report on Regularity to The First Federation Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The First Federation Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The First Federation Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The First Federation 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 The First Federation Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The First Federation Trust's Accounting Officer and the reporting Accountant

The Accounting Officer is responsible, under the requirements of The First Federation Trust's funding agreement with the Secretary of State for Education dated 24 January 2013 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 from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

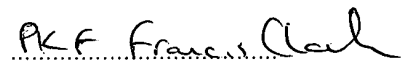
- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

The First Federation Trust

Independent Reporting Accountant's Report on Regularity to The First Federation Trust and the Education and Skills Funding Agency (continued)

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 from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Sharon Austen
PKF Francis Clark, Chartered Accountants

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date: 18 December 2017

The First Federation Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	3	29	1,242	348	1,619
Transfer from existing Academy Trust		(82)	(1,879)	7,105	5,144
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	6	1	10,091	-	10,092
Teaching schools		-	105	-	105
Other trading activities	4	302	57	-	359
Investments	5	9	-	-	9
Total		259	9,616	7,453	17,328
Expenditure on:					
Raising funds	7	1	177	-	178
<i>Charitable activities:</i>					
Academy trust educational operations	8	181	11,721	431	12,333
Teaching schools		-	148	-	148
Total		182	12,046	431	12,659
Net income/(expenditure)		77	(2,430)	7,022	4,669
Transfers between funds		(11)	(196)	207	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	30	-	562	-	562
Net movement in funds/(deficit)		66	(2,064)	7,229	5,231
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		588	(2,976)	9,856	7,468
Total funds/(deficit) carried forward at 31 August 2017		654	(5,040)	17,085	12,699

The First Federation Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account) (As restated)

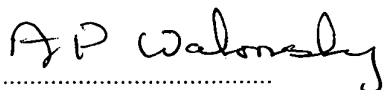
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	3	29	821	356	1,206
Transfer from local authority on conversion		34	(1,169)	8,712	7,577
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	6	-	7,407	-	7,407
Teaching schools		-	165	-	165
Other trading activities	4	196	143	-	339
Investments	5	4	-	-	4
Total		263	7,367	9,068	16,698
Expenditure on:					
Raising funds	7	1	112	-	113
<i>Charitable activities:</i>					
Academy trust educational operations	8	74	8,318	336	8,728
Teaching schools		-	255	-	255
Total		75	8,685	336	9,096
Net income/(expenditure)		188	(1,318)	8,732	7,602
Transfers between funds		-	(97)	97	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	30	-	(1,307)	-	(1,307)
Net movement in funds/(deficit)		188	(2,722)	8,829	6,295
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		400	(254)	1,027	1,173
Total funds/(deficit) carried forward at 31 August 2016		588	(2,976)	9,856	7,468

The First Federation Trust

(Registration number: 07819870)
Balance Sheet as at 31 August 2017

		2017	(As restated) 2016
	Note	£ 000	£ 000
Fixed assets			
Intangible assets	14	38	24
Tangible assets	15	16,808	9,704
		<u>16,846</u>	<u>9,728</u>
Current assets			
Stocks	17	36	31
Debtors	18	1,506	927
Cash at bank and in hand		1,731	1,749
		<u>3,273</u>	<u>2,707</u>
Creditors: Amounts falling due within one year	19	<u>(1,972)</u>	<u>(1,475)</u>
Net current assets		<u>1,301</u>	<u>1,232</u>
Total assets less current liabilities		18,147	10,960
Creditors: Amounts falling due after more than one year	20	<u>(39)</u>	<u>(7)</u>
Net assets excluding pension liability		18,108	10,953
Defined benefit pension scheme liability	30	<u>(5,409)</u>	<u>(3,485)</u>
Total assets		<u>12,699</u>	<u>7,468</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		369	509
Restricted fixed asset fund		17,085	9,856
Restricted pension fund		<u>(5,409)</u>	<u>(3,485)</u>
		12,045	6,880
Unrestricted funds			
Unrestricted general fund		<u>654</u>	<u>588</u>
Total funds		<u>12,699</u>	<u>7,468</u>

The financial statements on pages 36 to 71 were approved by the Directors, and authorised for issue on 18.12.17 and signed on their behalf by:



Mr A P Walmsley
Governor

The First Federation Trust

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	25	137	537
Cash flows from investing activities	27	(154)	(32)
Cash flows from financing activities	26	<u>(1)</u>	<u>(2)</u>
Change in cash and cash equivalents in the year		(18)	503
Cash and cash equivalents at 1 September		<u>1,749</u>	<u>1,246</u>
Cash and cash equivalents at 31 August		<u><u>1,731</u></u>	<u><u>1,749</u></u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust 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 FRS 102 (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The First Federation Trust meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Directors 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.

Income

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

Grants

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

General Annual Grant 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Sponsorship income

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 the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

Transfer on conversion

Where assets are received by the trust on conversion to an academy, 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. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Transfer of existing academies into the trust

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.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Intangible fixed assets

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. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Amortisation method and rate
Software	5 years

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Tangible fixed assets

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.

The board has decided to exclude within land and buildings the premises occupied under licence from the Diocese of Exeter at full value in line with ESFA current guidance. Each Church school's Church Supplemental Agreement states that for these sites, the trustees may give two years written notice to terminate the agreement. Therefore any additions to these premises will be depreciated over 2 years.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
Buildings	50 years
Diocese-owned building additions	2 years
Furniture and equipment	4 years
Computer equipment	3 years

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

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 17. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock

Books and stationery, catering, and clothing stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. 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 the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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 funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Consolidation

The Trust has one subsidiary undertaking, which is wholly immaterial to the group and, accordingly, consolidated financial statements have not been prepared. Further details regarding the subsidiary undertaking are given in note 14 to the financial statements.

Agency accounting

The Academy Trust acts as an agent in providing catering services to eleven schools. Payments received from parents and subsequent expenditure is excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds.

2 Prior year adjustments

The comparative figures for the year ended 31 August 2016 have been restated to reflect a change in the Academy Trust's accounting policy in respect of the premises it occupies under licence from the Diocese of Exeter. In line with the guidance given in the Accounts Direction 2016/17, this property is now excluded in the Academy Trust's balance sheet.

The effect of this restatement is to decrease tangible fixed assets, net assets and the restricted fixed assets fund at 31 August 2016 by £12,637,000, and to reduce the surplus for the year then ended by £6,399,000 because the value of church schools transferred on conversion is no longer included within income, and the depreciation on these buildings has also been reversed.

A notional donation income and rent expense have also been included in the prior year amounting to £523,000. As mandated by the Academy Accounts Direction, a prepayment and matching deferred income have also been included, amounting to £660,000.

The total effect of these restatements is to decrease net assets as at 31 August 2016 by £12,637,000 and to reduce the surplus for that year by £6,399,000.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

3 Donations and capital income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	Total (As restated)2016 £ 000
Other voluntary income					
Educational trips, visits and clubs	-	439	-	439	298
Capital grants	-	-	348	348	356
Other donations	29	803	-	832	552
	<u>29</u>	<u>1,242</u>	<u>348</u>	<u>1,619</u>	<u>1,206</u>

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Hire of facilities	34	-	34	29
Non pupil catering income	78	-	78	98
School shop sales	13	-	13	13
Recharges and reimbursements	81	(6)	75	85
Teaching school	-	7	7	-
Other income	96	56	152	114
	<u>302</u>	<u>57</u>	<u>359</u>	<u>339</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

5 Investment income

	Unrestricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Short term deposits	9	9	4

6 Funding for Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	Total (As restated) 2016 £ 000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	8,556	8,556	6,302
Pupil Premium	-	448	448	324
PE and Sports	-	80	80	72
Start Up Grants	-	70	70	25
Universal Infants Free School Meals	-	367	367	292
	-	9,521	9,521	7,015
Other government grants				
SEN/High Needs Income	-	311	311	203
Other LA funding	1	123	124	-
Sponsor Capacity Bid	-	-	-	65
Nursery Plus Funding	-	136	136	124
	1	570	571	392
Total grants	1	10,091	10,092	7,407

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other costs	2017	2016
	£ 000	£ 000	£ 000	£ 000	£ 000
Expenditure on raising funds	-	-	178	178	113
Academy's educational operations					
Direct costs	6,964	-	358	7,322	5,262
Allocated support costs	1,915	2,146	950	5,011	3,466
Teaching School	122	-	26	148	255
	<u>9,001</u>	<u>2,146</u>	<u>1,512</u>	<u>12,659</u>	<u>9,096</u>

Net income/(expenditure) for the year includes:

	2017	2016
	£ 000	£ 000
Operating leases - other leases	39	33
Fees payable to auditor - audit	15	10
- other audit services	<u>7</u>	<u>5</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Charitable activities

	Total 2017 £ 000	Total (As restated) 2016 £ 000
Direct costs - educational operations	7,322	5,262
Support costs - educational operations	5,011	3,466
	<u>12,333</u>	<u>8,728</u>

	Educational operations £ 000	Total 2017 £ 000	Total (As restated)2016 £ 000
Analysis of support costs			
Support staff costs	1,915	1,915	1,111
Depreciation	431	431	336
Premises costs	1,715	1,715	1,286
Other support costs	877	877	636
Governance costs	73	73	97
Total support costs	<u>5,011</u>	<u>5,011</u>	<u>3,466</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Staff

Staff costs

	2017 £ 000	2016 £ 000
Staff costs during the year were:		
Wages and salaries	6,671	4,878
Social security costs	538	342
Pension costs	1,533	943
	<u>8,742</u>	<u>6,163</u>
Supply teacher costs	270	165
Staff restructuring costs	34	-
	<u>9,046</u>	<u>6,328</u>
	2017 £ 000	2016 £ 000
Staff restructuring costs comprise:		
Redundancy payments	-	50
Severance payments	34	27
	<u>34</u>	<u>77</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £33,810 (2016: £26,890). Individually, the payments were:

Non-contractual payments £13,495

Non-contractual payments £13,628

Non-contractual payments £6,687

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	189	154
Administration and support	72	43
Management	14	10
	<u>275</u>	<u>207</u>

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	282	207
Admin and support	95	121
Management	11	10
	<u>388</u>	<u>338</u>

Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£120,001 - £130,000	-	1
£140,001 - £150,000	1	-
	<u>1</u>	<u>-</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Staff (continued)

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £933,817 (2015: £686,007). The key management personnel has increased by eight people since 2015/16 due to the expansion of the Trust.

10 Central services

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

- HR
- Legal
- Financial Services
- Education Support Services
- Centrally Employed Staff

The Academy Trust charges for these services on the following basis:

- Based on pupil numbers at each school

11 Related party transactions - Trustees' 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 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:

Mr P L Jones (Executive headteacher):

Remuneration: £165,000 - £170,000 (2016 - £150,000 - £155,000)

Employer's pension contributions: £20,000 - £25,000 (2016 - £20,000 - £25,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £3,266 (2016 - £3,236) were reimbursed or paid directly to 2 Directors (2016 - 2).

Other related party transactions involving the Directors are set out in note 31.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

12 Directors' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £2,500 (2016 - maximum cover of £2,000,000 at a cost of £638). The cost of this insurance is included in the total insurance cost.

The Academy Trust through its Articles has indemnified its Directors to the fullest extent permissible by law. During the period the Academy Trust purchased Directors' liability insurance and Fidelity Guarantee cover. It also has purchased cover for the co-opted directors under the Trustee and Trust Fund Indemnity from Zurich. In accordance with the Church Supplemental Agreement for the Church schools within the Academy Trust, the Trust has subscribed for buildings and public liability insurances in joint names with the appropriate school site trustees.

13 Connected charities

Each school's PTA is a connected charity and it is related to the Academy Trust as follows: the associations have a general purpose of organising fund raising events and social activities for the school's benefit.

- The aggregate amount of the entity's assets is £72,000
- The aggregate amount of the entity's liabilities is £5,000
- The aggregate amount of the entity's funds is £67,000
- The total turnover of the entity is £73,000
- The total expenditure of the entity is £55,000
- Profit for the year is £18,000

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14 Intangible fixed assets

	Software £ 000	Total £ 000
Cost		
At 1 September 2016	30	30
Additions	7	7
Transfer from existing academy	16	16
At 31 August 2017	53	53
Amortisation		
At 1 September 2016	6	6
Charge for the year	7	7
Transfer from existing academy	2	2
At 31 August 2017	15	15
Net book value		
At 31 August 2017	38	38
At 31 August 2016	24	24

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Tangible fixed assets

	Freehold land and buildings £ 000 (As restated)	Leasehold land and buildings £ 000 (As restated)	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2016	3,298	6,006	752	368	10,424
Additions	143	187	92	82	504
Transfer from existing academy	-	6,812	131	218	7,161
At 31 August 2017	3,441	13,005	975	668	18,089
Depreciation					
At 1 September 2016	44	67	376	233	720
Charge for the year	50	86	178	110	424
Transfer from existing academy	-	24	32	81	137
At 31 August 2017	94	177	586	424	1,281
Net book value					
At 31 August 2017	3,347	12,828	389	244	16,808
At 31 August 2016	3,254	5,939	376	135	9,704

16 Investments

The Academy has a wholly owned subsidiary, First Beginnings Limited, a company incorporated in England & Wales. The principal activity of the company is the operation of a nursery. Turnover for the year ended 31 August 2017 was £62,401, expenditure was £61,586 and the profit/(loss) for the year was £815. The assets of the company at 31 August 2017 were £Nil, liabilities were £815 and capital and reserves were (£815).

Included within the income of First Federation is £56,000 (2016 - £60,000) in respect of a management charge to First Beginnings Limited.

The subsidiary company is a company limited by guarantee so there is no investment value in these accounts.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Stock

	2017 £ 000	2016 £ 000
Books and stationery	26	17
Catering	2	3
Clothing	8	11
	<u>36</u>	<u>31</u>

18 Debtors

	2017 £ 000	(As restated) 2016 £ 000
Trade debtors	6	5
Prepayments	966	758
Accrued grant and other income	344	68
VAT recoverable	100	35
Amounts due from First Beginnings Limited	56	61
Other debtors	34	-
	<u>1,506</u>	<u>927</u>

19 Creditors: amounts falling due within one year

	2017 £ 000	(As restated) 2016 £ 000
Loans	25	1
Trade creditors	255	184
Other taxation and social security	172	114
Pension scheme creditor	167	112
Accruals	198	128
Deferred income	1,153	936
Other creditors	2	-
	<u>1,972</u>	<u>1,475</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Creditors: amounts falling due within one year (continued)

	2017 £ 000
Deferred income	
Deferred income at 1 September 2016	936
Resources deferred in the period	1,153
Amounts released from previous periods	<u>(936)</u>
Deferred income at 31 August 2017	<u>1,153</u>

At the balance sheet date the Academy Trust was holding funds received in advance for rates relief, UIFSM, trips, teaching school income, notional rent and nursery funding.

Included within loans is a loan of £1,000 from ESFA which is provided on the following terms: The Salix loan is an interest free loan which is repayable in equal instalments over the next 7 years.

Included within loans is a loan of £18,000 from Devon County Council which is provided on the following terms: The VELP loan was taken out prior to conversion of the Genesis Academy Trust for the purchase of ICT equipment. The interest rate payable is 3.75% and matures on 1 March 2020.

Included within loans is a loan of £6,000 from Devon County Council which is provided on the following terms: The VELP loan was taken out prior to conversion of the Genesis Academy Trust for the purchase of ICT equipment. The interest rate payable is 3.415% and matures on 1 March 2018.

20 Creditors: amounts falling due after one year

	2017 £ 000	2016 £ 000
Loans	<u>39</u>	<u>7</u>

Included within other creditors is a loan of £6,000 from ESFA which is provided on the following terms: The Salix loan is an interest free loan which is repayable in equal instalments over the next 7 years.

Included within other creditors is a loan of £33,000 from Devon County Council which is provided on the following terms: The VELP loan was taken out prior to conversion of the Genesis Academy Trust for the purchase of ICT equipment. The interest rate payable is 3.75% and matures on 1 March 2020.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Funds

	(As restated) Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant	248	8,556	(8,518)	(171)	115
Pupil Premium	-	448	(448)	-	-
SEN/High Needs Income	-	311	(311)	-	-
Recharges and reimbursements	-	1	(1)	-	-
Trips and visits	7	132	(149)	10	-
Nursery recharges and reimbursements	6	56	(62)	-	-
Teaching School Grants and Income	66	105	(148)	-	23
Clubs	69	307	(253)	-	123
UIFSM	-	367	(367)	-	-
Start Up Grants	36	70	(94)	(12)	-
Other restricted donations	-	33	-	(23)	10
Nursery Plus Funding	77	136	(134)	-	79
Other grants	-	203	(200)	-	3
Deficit inherited from existing academy on conversion	-	(2)	-	-	(2)
Notional rent	-	770	(770)	-	-
General Annual Grant - Gatehouse	-	11	-	-	11
Other restricted donations - Gatehouse	-	7	-	-	7
	<u>509</u>	<u>11,511</u>	<u>(11,455)</u>	<u>(196)</u>	<u>369</u>
Restricted fixed asset funds					
Other LA Capital	9,204	3,242	(197)	-	12,249
Capital expenditure from GAG	147	11	(90)	164	232
DfE/ESFA Capital Grants	481	375	(110)	(3)	743
Parish Council	5	-	-	-	5
Capital expenditure from Clubs	3	-	(2)	-	1

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Funds (continued)

	(As restated) Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Start Up Grants	16	-	(6)	12	22
Capital expenditure from donations	-	-	(7)	23	16
Capital expenditure from unrestricted funds	-	-	(3)	11	8
Gatehouse	-	3,825	(16)	-	3,809
	9,856	7,453	(431)	207	17,085
Restricted pension funds					
Defined Benefit Pension Liability	(3,485)	(1,895)	(591)	562	(5,409)
Total restricted funds	6,880	17,069	(12,477)	573	12,045
Unrestricted funds					
Unrestricted general funds	588	259	(182)	(11)	654
Total funds	7,468	17,328	(12,659)	562	12,699

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £ 000
Aveton Gifford C of E Primary School	96
Blackpool C of E Primary School	557
Brixington Primary School	(3)
Chudleigh Knighton C of E Primary School	185
Lady Seaward's C of E Primary School	74
Newton Ferrers C of E Primary School	35
Salcombe C of E Primary School	197
St Leonard's C of E Primary School	(32)
Westcliff Primary School	42
Hawkchurch C of E Primary School	(6)
Musbury Primary School	(7)
Sidmouth C of E Primary School	(105)
Gatehouse Primary School	(10)
Total before fixed assets and pension reserve	1,023

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Funds (continued)

	Total £ 000
Fixed Assets Fund	17,085
Defined Benefit Pension Liability	(5,409)
Total	<u>12,699</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
Aveton Gifford C of E Primary School	261	30	12	143	446
Blackpool C of E Primary School	781	129	24	365	1,299
Brixington Primary School	1,360	239	24	255	1,878
Chudleigh Knighton C of E Primary School	349	61	4	153	567
Gatehouse Primary School	200	15	3	42	260
Hawkchurch C of E Primary School	27	4	2	44	77
Lady Seaward's C of E Primary School	272	23	9	140	444
Musbury Primary School	44	7	1	11	63
Newton Ferrers C of E Primary School	353	119	6	196	674
Salcombe C of E Primary School	222	55	9	137	423
Sidmouth C of E Primary School	447	96	4	168	715
St Leonard's C of E Primary School	1,440	307	14	720	2,481
Westcliff Primary School	1,024	151	10	228	1,413
Central services	281	193	11	412	897
Academy Trust	<u>7,061</u>	<u>1,429</u>	<u>133</u>	<u>3,014</u>	<u>11,637</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

22 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	38	38
Tangible fixed assets	-	-	16,808	16,808
Current assets	654	2,380	239	3,273
Current liabilities	-	(1,972)	-	(1,972)
Creditors over 1 year	-	(39)	-	(39)
Pension scheme liability	-	(5,409)	-	(5,409)
Total net assets	<u>654</u>	<u>(5,040)</u>	<u>17,085</u>	<u>12,699</u>

23 Capital commitments

	2017 £ 000	2016 £ 000
Contracted for, but not provided in the financial statements	<u>247</u>	<u>144</u>

24 Financial commitments

Operating leases

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

	2017 £ 000	2016 £ 000
Amounts due within one year	55	32
Amounts due between one and five years	<u>106</u>	<u>37</u>
	<u>161</u>	<u>69</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2017	(As restated) 2016
	£ 000	£ 000
Net income	4,669	7,602
Amortisation	7	6
Depreciation	424	330
Capital grants from DfE and other capital income	(348)	(9,068)
Non-cash assets transferred on conversion to an academy trust	(6,962)	-
Interest receivable	(9)	(5)
Defined benefit pension scheme obligation inherited	1,895	1,169
Defined benefit pension scheme cost less contributions payable	511	192
Defined benefit pension scheme finance cost	80	62
Decrease/(increase) in stocks	3	(19)
Decrease in debtors	92	211
(Decrease)/increase in creditors	(225)	57
Net cash provided by Operating Activities	<u>137</u>	<u>537</u>

26 Cash flows from financing activities

	2017	2016
	£ 000	£ 000
Repayments of borrowing	<u>(1)</u>	<u>(2)</u>
Net cash used in financing activities	<u>(1)</u>	<u>(2)</u>

27 Capital expenditure and financial investment

	2017	2016
	£ 000	£ 000
Dividends, interest and rents from investments	9	4
Purchase of intangible fixed assets	(7)	-
Purchase of tangible fixed assets	(504)	(392)
Capital grants from DfE/ESFA	<u>348</u>	<u>356</u>
Net cash used in investing activities	<u>(154)</u>	<u>(32)</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

28 Members' liability

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

29 Transfer of existing academies into the Trust

Genesis Academy

	Value reported by transferring trust £ 000	Transfer in recognised £ 000
Intangible assets		
Software	14	14
Tangible fixed assets		
Leasehold land and buildings	3,075	3,075
Furniture and equipment	75	75
Computer equipment	101	101
	<u>3,251</u>	<u>3,251</u>
Other assets		
Stock	8	8
Debtors due in less than one year	592	592
Cash in bank and in hand	55	55
	<u>655</u>	<u>655</u>
Liabilities		
Creditors due in less than one year	(711)	(711)
Creditors due in more than one year	(33)	(33)
	<u>(744)</u>	<u>(744)</u>
Pensions		
Pensions – pension scheme liabilities	<u>(1,435)</u>	<u>(1,435)</u>
Net assets	<u>1,741</u>	<u>1,741</u>

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

29 Transfer of existing academies into the Trust (continued)

Gatehouse Academy

	Value reported by transferring trust £ 000	Fair value adjustments £ 000	Transfer in recognised £ 000
Tangible fixed assets			
Leasehold land and buildings	4,721	(1,008)	3,713
Furniture and equipment	24	-	24
Computer equipment	36	-	36
	<u>4,781</u>	<u>(1,008)</u>	<u>3,773</u>
Other assets			
Debtors due in less than one year	79	-	79
Cash in bank and in hand	22	-	22
	<u>101</u>	<u>-</u>	<u>101</u>
Liabilities			
Creditors due in less than one year	(11)	-	(11)
Pensions			
Pensions – pension scheme liabilities	<u>(460)</u>	<u>-</u>	<u>(460)</u>
Net assets/(liabilities)	<u>4,411</u>	<u>(1,008)</u>	<u>3,403</u>

30 Pension and similar obligations

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

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

Contributions amounting to £(167,000) (2016 - £(112,000)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

30 Pension and similar obligations (continued)

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (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 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £680,000 (2016: £495,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £523,000 (2016 - £329,000), of which employer's contributions totalled £398,000 (2016 - £252,000) and employees' contributions totalled £125,000 (2016 - £77,000). The agreed contribution rates for future years are 15.4% plus £5,622 per month per cent for employers and 5.5% - 12.5% per cent for employees.

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

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

30 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	4.20	4.10
Rate of increase for pensions in payment/inflation	2.70	2.30
Discount rate for scheme liabilities	<u>2.60</u>	<u>2.20</u>

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	23.40	22.90
Females retiring today	25.50	26.20
Retiring in 20 years		
Males retiring in 20 years	25.70	25.20
Females retiring in 20 years	<u>27.90</u>	<u>28.60</u>

Sensitivity analysis on scheme liabilities

	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	9,786	5,563
Discount rate -0.1%	10,250	5,815
Mortality assumption – 1 year increase	10,342	5,839
Mortality assumption – 1 year decrease	9,699	5,541
CPI rate +0.1%	10,207	5,792
CPI rate -0.1%	<u>9,829</u>	<u>5,586</u>

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

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

30 Pension and similar obligations (continued)

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Equities	2,728	1,292
Gilts	141	72
Alternative assets	250	126
Infrastructure	178	89
Other bonds	114	58
Property	402	217
Cash and other liquid assets	109	37
Target return portfolio	684	312
Total market value of assets	<u>4,606</u>	<u>2,203</u>

The actual return on scheme assets was £306,000 (2016 - £247,000).

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

30 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2017 £ 000	2016 £ 000
Current service cost	(909)	(434)
Past service cost	-	(10)
Interest income	60	65
Interest cost	(140)	(127)
Total amount recognised in the SOFA	(989)	(506)

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

	2017 £ 000	2016 £ 000
At start of period	5,688	1,494
Transferred in on existing academies joining the trust	3,370	2,140
Current service cost	909	434
Interest cost	140	127
Employee contributions	125	77
Actuarial (gain)/loss	(288)	1,489
Benefits paid	(36)	(83)
Past service cost	-	10
Effect of non-routine settlements	107	-
At 31 August	10,015	5,688

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

	2017 £ 000	2016 £ 000
At start of period	2,203	739
Transferred in on existing academies joining the trust	1,475	971
Interest income	58	65
Actuarial gain/(loss)	383	182
Employer contributions	398	252
Employee contributions	125	77
Benefits paid	(36)	(83)
At 31 August	4,606	2,203

31 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 a member of the Board of Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

32 Agency arrangements

The Academy Trust provides catering to students as an agent. In the accounting period ending 31 August 2017 the trust received £146,000 and disbursed £146,000 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable.