Tauheedul Education Trust

ANNUAL REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

NURTURING TODAY'S YOUNG PEOPLE, INSPIRING TOMORROW'S LEADERS

Company Registration Number: 07353849 *(England and Wales)*

Contents

	Page
Reference and Administrative Details	2
Trustees' Report	3 – 10
Governance Statement	11 – 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditor's Report on the Financial Statements	20 – 23
Independent Reporting Accountant's Report on Regularity	24 – 25
Statement of Financial Activities incorporating Income & Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	29 – 34
Other Notes to the Financial Statements	35 - 54

Abbreviations

CPI – Consumer Price Index
DfE – Department for Education
ESFA – Education and Skills Funding Agency
FRS – Financial Reporting Standard
GAG – General Annual Grant
TPS – Teachers' Pension Scheme
LGPS – Local Government Pension Scheme
SCR – Standard Contribution Rate
SERPS – State Earnings-Related Pension Scheme
TET – Tauheedul Education
TIBHS – Tauheedul Islam Boys' High School
TIGHS – Tauheedul Islam Girls' High School
OBL – Olive School Blackburn
OHA – Olive School Hackney
EBB – Eden Boys' School Bolton
EGC – Eden Girls' School Coventry
EGW – Eden Girls' School Waltham Forest
EBP – Eden Boys' School Preston
EBM – Eden Boys' School Birmingham
EGS – Eden Girls' School Slough
HLA – Highfield Leadership Academy
LLA – Laisterdyke Leadership Academy
OBO – Olive School Bolton
OPR – Olive School Preston
OBI – Olive School Birmingham
TLA – Tong Leadership Academy
MEG – Eden Girls' Leadership Academy, Manchester
MEB – Eden Boys' Leadership Academy, Manchester
TEP – Tauheedul Education Partnership
TF – Tauheedul Foundation
TC – Tauheedul Charity
TEL – Tauheedul Education Limited

Reference and Administrative Details

For the Year Ended 31 August 2017

Members	Kamruddin Isap Kothia, DL (Chair) Faruk Dasu (Tauheedul Foundation) Harry Catherall Mohamed Isap Rt. Hon Jack Straw (appointed December 2016)
Trustees	Kamruddin Isap Kothia, DL (Chair) Carol Costello Faruk Dasu # Harry Devonport Mohamed Isap Afzal Ismail # Kevin Jaquiss # Hamid Patel CBE Imraan Patel David Rawlinson Rt. Hon Jack Straw (appointed 18th July 2017) # Members of the Audit Committee
Chief Executive and Accounting Officer	Hamid Patel CBE
Senior Management Team	Executive Director: Capital Programmes – David Holland Executive Director: Communication and Development - Kathryn Chorlton Executive Director: Education – Lisa Crausby Executive Director: Education – Kieran Larkin Executive Director: Quality Assurance – Shirley Gornall Executive Director: Strategy and Operations - Deborah Ashton Executive Director: Tauheedul College for Teaching and Leadership – Amanda Bailey
Company Name	Tauheedul Education Trust
Principal and Registered Office	Shadsworth Road Blackburn Lancashire BB1 2HT
Company Registration Number	07353849 (England and Wales)
Independent Auditor	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn Lancashire BB1 7AP
Bankers	Lloyds Bank Church Street Blackburn Lancashire BB2 1JQ
Solicitors	Hill Dickinson 1 St Paul's Square Liverpool Merseyside L3 9SJ

Trustees' Report

For the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Within this year the Trust operated 5 primary and 11 secondary schools across the Lancashire, Greater Manchester, West Yorkshire, Midlands and London area. These academies had a combined pupil capacity of 14,029 and had a roll of 7,619 in the school census on January 2017. All but 3 of these academies are fully subscribed and the reduced roll against capacity is due to the academies having opened in recent years and not yet having all of their school years operational. The 3 that are undersubscribed are academies that have recently become sponsor-led academies of the Trust.

Within this year the Trust was also preparing for the opening of a further 2 secondary schools in September 2017, 2 secondary schools and a primary school in September 2018 and 2019 and supporting a school that is expected to join the Trust as a sponsor-led academy in early 2018. In addition to this, the Trust has continued to manage the Leadership training programme and prepare for the commencement of Initial Teacher Training.

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 Tauheedul Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Tauheedul Education Trust (TET).

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

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.

Trustees' Indemnities

In accordance with normal commercial practice TET has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim as shown in note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in accordance with the articles of association.

In selecting new Trustees, the Trust seeks to identify people who are willing to commit their time and skills for the advancement of the purposes of the TET, adding value to the leadership of the Trust and ensuring good governance is secured.

Trustees are appointed for four years and may be re-appointed.

Policies and Procedures Adopted for the Induction and Training of Trustees

Following appointment all new Trustees receive an introduction to their role from the Chair and Chief Executive. This introduction includes the opportunity for tours to school sites and meeting members of a school's Senior Leadership Team.

The Trust has an annual training programme undertaken by Trustees, the Trust makes available other training that is required for Trustees to undertake their role effectively. The Trust's Head of Governance ensures new Trustees receive sufficient support and information to enable them to discharge their role. All Trustees are required to sign and adhere to the Code of Conduct held by the Trust.

Trustees' Report

For the Year Ended 31 August 2017

Organisational Structure

The Trustees are responsible for the general control and management of the Trust. The Trustees give their time freely and receive no remuneration or other financial benefits, other than the Trust Chief Executive who also serves as a Trustee. The Trustees act as the governors of TET and are also the directors of the charitable company for the purposes of company law.

The Trustees meet termly and are responsible for all decisions taken in relation to the activities provided by TET. The Trustees have established an Audit Committee that meets termly to ensure the independent checking of financial controls, systems, transactions and risks.

The Trust has delegated some decision making to additional Trustee committees and the local governing bodies of its schools. The Trust has a clear scheme of delegation with regard to the delegation of these decisions; this also details the decisions that have been delegated to management to ensure the day to day operational capacity of the Trust.

The Trust, as a Multi-Academy Trust, has a Central Office to support its academies in relation to their business support and academic standards. The Trust Chief Executive is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Trust has a Nomination and Remuneration Committee that has responsibility for agreeing the pay of the Chief Executive. The Committee is supported in this role by External Pay Specialists who have been engaged for this task. Senior Leadership Team pay is set by reference to benchmarking and comparison of pay with other roles in the sector.

Related Parties and other Connected Charities and Organisations

Tauheedul Foundation

Tauheedul Foundation is a non-operational parent company. It provides strategic direction to its subsidiary organisations.

Tauheedul Education Limited

Tauheedul Education Limited, a wholly owned subsidiary of TET, remains a dormant company. Tauheedul Education Limited has been established to act, when required, as the trading arm of the Education Trust providing educational training and consultancy nationally and internationally.

Tauheedul Charity

Tauheedul Charity is not a connected charity to the Tauheedul Education Trust. Tauheedul Charity delivers Tauheedul Foundation's corporate social responsibility programme. It aims to:

- To empower young people to make a difference to their communities - local, national and international
- To equip young people with the skills and knowledge to lead social action, contribute to issues they care about and shape decisions that affect them
- To help employers fulfil their corporate social responsibility, connect charities with young people and maximise the community impact of schools

Objectives and Activities

Objects and Aims

Tauheedul Education Trust (TET) is a not-for-profit Multi-Academy trust. The objects of the Trust are to establish, maintain, carry on, manage and develop outstanding schools that promote educational excellence, character development and service to communities.

The Trust believe that every child and every community is unique. It works hard to make sure that each and every pupil in its schools – regardless of their faith, race, gender, background or starting point – achieves their potential and goes on to university or a career of their choice.

Objectives, Strategies and Activities

Tauheedul Education Trust (TET) is a rapidly expanding not for profit Multi-Academy Trust and is one of the UK's leading education providers. TET is a mixed MAT that runs both faith-based and non-faith schools. It is a values-based organisation which works to improve the life chances of young people in areas of social and economic deprivation to help them succeed at the highest levels of education, employment and the professions.

The Trust now has 18 schools in five cluster areas – Lancashire, Greater Manchester, West Yorkshire, the Midlands and London. Schools work together to share expertise and maximise opportunities and experiences for our students. The Trust's corporate learning and development centre – the Tauheedul College for Teaching and Leadership (TCTL) – is one of the UK's leading education providers. Established to support and promote school improvement, the College aims to build a world class education workforce, not only for the Trust's own schools, but for other schools nationally and beyond.

The Trust has an ambitious vision - **Nurturing today's young people, inspiring tomorrow's leaders**

This vision is wide ranging. It encompasses aspiration, educational excellence, system leadership, social mobility and cohesion.

The Trust aims to:

- Transform the educational achievement of the nation's young people, schools and academies
- Elevate the life chances of young people in areas of social and economic deprivation - from all backgrounds - to help them succeed at the highest levels of education, employment and the professions
- Lead a national drive based on rigour and high expectations designed to improve school standards
- Provide more choice for parents by offering them the chance to send their children to an inspirational school
- Ensure ambition and high aspirations are rewarded through all our schools
- Make a demonstrable impact on social mobility and equality in communities that have called out for change for so long
- Create a diverse network of faith and non-faith schools, ensuring every child has access to a first-rate education that embodies opportunity for all.

Everything the Trust does is in furtherance of these aims. Highlights from 2016/17 are detailed in the Strategic Report.

Public Benefit

In setting the objectives, and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

The key public benefit delivered by TET is the development of high quality education provided within its schools, to the public benefit of all children local to these schools.

Strategic Report

Achievements and Performance

TET has achieved the following in the 2016/17 academic year:

- There has been significant investment in school improvement capacity in the Central Team, including recruiting highly skilled and experienced educationalists to join the Trust's Senior Leadership Team.
- The School Improvement Framework has been further refined and is being used to determine the nature and level of support required for each school. A Rapid Improvement Board has been established, reporting to the Academic Board. The main focus at this point is on securing rapid improvement in the Trust's sponsored academies.
- TIGHS and TIBHS once again secured excellent GCSE results, which has placed them as the highest and third highest achieving schools in the country. There were pleasing signs of progress in the majority of the Trust's sponsored academies. TIGHS' A-level results showed a significant improvement. The average grade level per entry rose to B+, compared to the national average of C+.
- Schools have been supported in their preparations for Ofsted and DfE inspection and monitoring visits. The Eden schools in Bolton, Coventry and Waltham Forest underwent their first Ofsted inspections and secured "outstanding" in all areas. This means that all Trust free schools that have been inspected to date have been judged to be outstanding. DfE monitoring visits at the three Olive schools that opened in September 2016 concluded that all were continuing to demonstrate good progress. DfE monitoring visits to the Trust's three sponsored academies concurred with the Trust's own self-evaluation form (SEF) judgements, namely that whilst there are signs of improvement, the schools remain "inadequate". Post-visit monitoring plans are prepared after each inspection and are submitted to the Regional Schools Commissioner.
- A considerable amount of work took place during the year to help schools prepare for revised curricula in key subjects and for the new GCSE grading system.
- The Trust's phased staffing plan was finalised. A number of scenarios were modelled, using different assumptions as to the total number of Trust schools, to ensure that the structure remains robust and affordable. A substantial number of new appointments were made during 2016-17, in line with the phased staffing plan. This has significantly enhanced the capacity of the Central Team in key areas, particularly in the education offer to our schools.
- Progress on the Trust's extensive capital programme continues to be excellent. Eden Boys' School, Birmingham was officially opened and Eden Girls' School, Slough moved to its new building in September 2017. Temporary accommodation was secured for the Eden Boys' and Girls' Leadership Academies in Manchester and the schools opened in September 2017.
- Arrangements for the Trust to "self-deliver" its free schools capital programme came into effect during the year. The Trust's aim is to create a consistent approach to its capital delivery to provide a built environment that supports teaching at an Ofsted outstanding level. A standard Trust primary design was prepared and the permanent solution for The Olive School, The Trust undertook a "batch" procurement, initially for TIBHS and the two Eden Leadership Academies in Manchester, using the ESFA Contractors' Framework. Wates were appointed as the successful contractor. TIBHS is being used as the "sample school". It will also deliver significantly increased value for money compared with the former model where the ESFA managed capital builds direct.
- A new HR delivery model was developed during the year. A small in-house team has been established to provide an HR-advisory service to schools. Regional HR advisors for the north and south TEPs have been appointed. Hill Dickinson, who have provided excellent HR support to date, have been retained for specialist advice.
- Work has continued on the ongoing programme of strengthening the Trust's IT security and e-safety. The Trust successfully secured Cyber Essentials accreditation in August 2017.
- The Trust's Corporate Strategy 2016-2022 was finalised which will shape detailed planning and performance management arrangements in all areas.

Key Performance Indicators

TIGHS and TIBHS have once again been ranked first and third of all schools in England for pupil progress, and are listed in the top 1% of schools for all Department for Education performance measures. The interim school league tables, released by the DfE, place TIGHS top for progress, for the second consecutive year. The school has achieved the highest Progress 8 score in the country – +1.82 – while TIBHS Progress 8 score of +1.57 places them third spot in the league table, again for the second year running. TIGHS achieved an Attainment 8 score of 64.3, while the boys' school's score was 61.9. Both scores are among the highest in the country, firmly placing the schools in the top 1%. TIBHS' second only GCSE cohort achieved grades to be incredibly proud of, with 93% of pupils achieving a 'standard pass' at grades 9 to 4 in English and Maths. The same high grades were achieved by 92% of pupils at TIGHS.

Students at TIGHS Sixth Form also achieved fantastic A-Level results with a magnificent 100% of the cohort achieving three passes at grades A* to C. Of the students taking vocational qualifications, 86% secured at least a 'DDD' Distinction grade in the Extended Diploma.

The impact of our support is already beginning to pay dividends at our sponsored academies with increased performance. In Laisterdyke Leadership Academy, the % of pupils achieving grades 9-4 in English & Maths increased from 31% in 2015 to 49% in 2017. The school's Progress 8 score has also increased from -0.33 in 2016 to -0.14 in 2017, demonstrating that pupils now make better progress overall. In Highfield Leadership Academy, the % of pupils achieving grades 9-4 in English & Maths increased from 30% in 2015 to 50% in 2017. At Small Heath Leadership Academy the proportion of pupils achieving grades 9-4 in English & Maths increased from 45% in 2016 to 56% in 2017.

The Progress 8 score has improved in all of our schools, with Laisterdyke no longer significantly below average.The Eden schools in Bolton, Coventry and Waltham Forest underwent their first Ofsted inspections and secured "outstanding" in all areas.

Tauheedul schools aim to keep salary costs between 70% and 75% of their GAG income. This has been achieved during 2016/17.

As some of our schools are within their early years of operation their budgets are limited and therefore require close financial management. All schools have reserves of at least 2% of GAG income at the close of the year.

Going Concern

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

Financial Review

During the year ended 31 August 2017 TET has received income of £90,553K (2016: £97,101K) comprising:

- GAG funding for TIBHS, TIGHS, The Olive Schools in Birmingham, Blackburn, Bolton, Preston and Hackney, the Eden Boys' School in Bolton, Birmingham and Preston, the Eden Girls' Schools in Coventry, Waltham Forest and Slough and Highfield, Laisterdyke and Tong Leadership Academies;
- Year Zero restricted start-up funding for Eden Boys' Leadership Academy and Eden Girls' Leadership Academy in Manchester ; as well as the Eden Boys' Leadership Academy, Bradford, Eden Boys' School II, Birmingham and The Olive School in Manchester;
- Capital grants towards the purchase of sites for the schools and the related fit out costs at the permanent and temporary sites;
- National College Scholarship funding and associated candidate fees for the North West Leadership Programme;
- School Improvement funding for Small Heath Leadership Academy;
- Northern Sponsor Fund grant funding for the delivery of the Bradford and Greater Manchester hubs.

Over the year TET expended £56,029K (2016: £30,707K) resulting in net income of £34,524K (2016: £66,394K) leading to reserves carried forward of £185,087K (2016: £150,186K). Of this, £297K (2016: £24K) relates to restricted funds for the academies which is being carried forward to be utilised in future years, and £180,032K (2016: £146,957K) which relates to the restricted fixed asset fund which is being carried forward and will be spent in line with the Capital Grant programme. TET has an unrestricted fund carried forward of £4,758K (2016: £3,205K) which will be used within the Academies Charitable objectives.

During the year Tong Leadership Academy, Bradford completed their conversion to an academy within the Trust in December 2016. The academy contributed restricted and unrestricted general income of £7,736K. Their corresponding expenditure during the period since conversion was £7,018K resulting in net income of £718K. Reserves, fixed assets and LGPS deficits received on conversion are detailed within note 28.

Due to the timing of the stage payments of the start-up grants for the additional free schools TET had cash reserves of £12,692K as at 31 August 2017 (2016: £9,694K) and was carrying forward deferred income of £102K (2016: £287K) in relation to these grants. These monies will be spent in the following year on the pre-opening costs of these free schools.

During the year the Accounting Officer has been working with the Central Management team, the business managers and TET's internal and external auditor to implement efficient and quality financial management systems. These systems are continuously under review and will be implemented at each school as they open.

In summary, as evident in this year's figures, the Trust has achieved significant growth through the acquisition of a sponsor-led academy, the opening of 2 new free schools and the additional year groups taken on by our existing schools. The 2022 Corporate Strategy is equally ambitious, and the Trust aims to see a similar level of growth year on year over the next 5 years.

Reserves Policy

The amount of reserves held are stated in the Financial Review noted above. The level of reserves held at each school at 31 August 2017 is considered to be sufficient and in line with the Trust's reserves policy. The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- contingency fund to deal with minor adjustments to operational expenditure from some budget headings;
- a planned accumulation of funds to pay for some major construction work or project;
- expenditure held over to the following year to withstand variations in the level of funding to the Trust to balance out variations in funding levels; and
- potential redundancy payments to staff.

In order to achieve this sustainability moving forward, the Trust has implemented a 2% in year reserves policy, which all schools should strive to achieve. Although a 2% in year reserves policy has been set, the Trust has agreed that schools must carry a cash balance equal to at least 1-month's GAG. Any excess of this following the end of the financial year will be invested in line with the Treasury Management Policy.

As noted above, the restricted general reserves carried forward is £297K (2016: £24K). This is after accounting for the pension deficit reserve of £7,135K (2016: £4,297K). Excluding the pension deficit reserve and designated funds, the total restricted and unrestricted general funds as at 31 August 2017 are £12,190K (2016: £7,526K).

The Board of Trustees ensure that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook by the ESFA. The Department for Education expects Trusts to use their allocated funding for the full benefit of current pupils. If Trusts have a substantial surplus, they must have a clear plan for how it will be used to benefit their pupils. It is the policy of The Trust to have reserves which can be used for future education purposes in line with the development plans.

Last year TET received a £50K legacy known as "The Gibson Humanities Trust" to be used only for specific areas of expenditure within HLA. This legacy can be used for such purposes up to a period of 50 years at which point certain restrictions will be removed and any balance can be used for the general benefit of HLA. As at 31 August 2017 the full amount is held as a designated restricted fund.

Investment Policy

Due to the majority of free schools being in their first 4 years of operation the Trust has adopted a low risk strategy to investment. As at 31 August 2017 the Trust was holding excess reserves of £5,887K (2016: £nil – reserves held in school current accounts) in a 32-day notice deposit account to optimise the return on these reserves. The management of the 32-day notice deposit account is done by the Trust's central finance team.

TET and the schools within have no other investments other than short term deposits received on cash balances.

The Trust's central finance team is currently reviewing this strategy with a view to generate a greater return through low risk investment.

Principal Risks and Uncertainties

The Academy Trust has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Academy Trust's assets and reputation.

A review of the risks faced by TET was conducted and systems established to mitigate those risks. TET has identified the major risks it faces and has documented these within its Risk Register; this is reviewed termly by its Trustees. The Trustees are also fully appraised between meetings of any issues that may impact upon the management of risk.

The Audit Committee has ongoing responsibility for the monitoring of risks and has engaged RSM as its Internal Auditors to ensure maintained compliance. An Internal Audit Plan was agreed and undertaken in 2016/17. This focused upon the following areas: -

- Debtors and Creditors
- General Ledger
- Payroll
- Governance: Effectiveness
- Health and Safety
- Treasury Management
- Compliance with Academies Financial Handbook (Advisory)
- Data Protection (Advisory)

These reviews provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2017/18 to help identify any other areas in which the Trust may be able to implement an improved control environment.

Outlined below is a description of the principal risk factors which may affect the Academy Trust. Not all factors are within the Academy Trust's control. Other factors besides those listed below may also adversely affect the Academy Trust.

1. Government Funding

   The Academy Trust has considerable reliance on continued Government funding through the ESFA. In 2016/17, 99% (2015/16: 99%) of the Academy Trust's revenue was ultimately publicly funded including inherited assets, and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

   This risk is mitigated in a number of ways:

   - Funding is derived from a number of direct and indirect contractual arrangements.
   - By ensuring that the Academy Trust is rigorous in delivering high quality education and training.
   - Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

2. Management Override
   The Academy Trust is run by the CEO Hamid Patel CBE. He is able to authorise expenditure to levels that are documented within the Financial Handbook of the Trust and has control of many aspects of the Trust.

   This risk is mitigated in a number of ways:

   - The Board reviews management accounts at regular intervals.
   - The Managers of each individual school are qualified professionals, who will be resistant to override.

Plans for Future Periods

TET will seek to grow as a Multi-Academy Trust and continue to work with communities across the country within five geographical clusters (Lancashire, Greater Manchester, West Yorkshire, West-Midlands and London) to open Free Schools and manage sponsor-led academies. Within these schools the Trust will work to ensure the high performance of its students and that the schools meet the needs of those communities.

In delivering these plans TET opened two new free schools in September 2017, Eden Boys' Leadership Academy and Eden Girls' Leadership Academy in Manchester. The Trust has also received initial approval to proceed with opening 3 schools. Eden Boys' School II, Birmingham, Eden Boys' Leadership Academy, Bradford and The Olive School, Manchester. The opening date for Eden Boys' School II, Birmingham has been agreed as September 2018. Eden Boys' Leadership Academy, Bradford and The Olive School, Manchester are scheduled to open in September 2019.

The Trust has been approved to manage sponsor-led academy schools. Tong Leadership Academy, Bradford completed their conversion to an academy within the Trust in December 2016. The Trust has also supported Small Heath School in Birmingham which is expected to become a Trust school in January 2018. The Trust has also been identified by the Department for Education as the preferred sponsor for 3 Bradford primary schools: High Crags Academy, Barkerend Academy and Thornbury Academy. The 3 academies were previously sponsored by the Wakefield City Academies Trust. Whilst we are during the consultation period, before the final decision by the Regional Schools Commissioner, the Trust is preparing plans to integrate the schools to our management to enable an effective transfer if approved.

The Trust is keen on developing a diverse network of schools in these five geographical areas.

Funds Held as Custodian Trustee on Behalf of Others

TET holds no funds on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

Beever and Struthers are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 12th December and signed on the Board's behalf by:

Kamruddin Isap Kothia, DL
Chair of Trustees
12th December 2017

Governance Statement

For the Year Ended 31 August 2017

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform to 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 Tauheedul Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The ***Members*** have formally met once during the year. Attendance during the year at meetings of the Members was as follows: -

Member	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	1	1
Faruk Dasu (Tauheedul Foundation)	0	1
Mohamed Isap	1	1
Harry Catherall	1	1
Rt. Hon Jack Straw	1	1

The ***Board of Trustees*** have formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows: -

Trustee	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	4	4
Carol Costello	3	4
Faruk Dasu	3	4
Harry Devonport	4	4
Mohamed Isap	3	4
Afzal Ismail	3	4
Kevin Jaquiss	3	4
Hamid Patel CBE	4	4
Imraan Patel	3	4
David Rawlinson	3	4
Rt. Hon Jack Straw (appointed 18th July 2017)	0	1

Additional Board Capacity has been recruited during the year with the appointment of Rt. Hon Jack Straw who was also appointed as a Member prior to this.

Where Trustees have tendered appointments during the year this has been due to work commitments.

The ***Audit Committee*** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure regulatory compliance, financial probity and manage risk. It is supported in this role by the Internal Auditors RSM.

An Internal Audit Plan for the year was agreed and undertaken in 2016/17. This focused upon the following areas: -

- Debtors and Creditors
- General Ledger
- Payroll
- Governance: Effectiveness
- Health and Safety
- Treasury Management
- Compliance with Academies Financial Handbook (Advisory)
- Data Protection (Advisory)

These reviews provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2017/18 to help identify any other areas in which the Trust may be able to implement an improved control environment.

An independent member has commenced their role on the Audit Committee which further strengthens the work of the Committee.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Kevin Jaquiss (Chair)	3	3
Faruk Dasu	3	3
Afzal Ismail (Appointed to Committee Dec 2017)	1	2
Deborah Hale (Independent Member)	3	3

The ***Policy and Resources Committee*** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure sound management of the Trust's business resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Mohamed Isap (Chair)	4	4
Afzal Ismail (Resigned from the Committee Dec 2017)	1	2
Carol Costello (Appointed to Committee Dec 2017)	2	2
Imraan Patel	4	4
David Rawlinson	3	4

Governance Statement

For the Year Ended 31 August 2017

The ***Academic Board*** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the best means of the Board of Trustees' responsibility to ensure high standards in the quality of teaching and learning within Trust schools.

Attendance at meetings in the year was as follows: -

Trustee	Meetings attended	Out of a possible
Harry Devonport (Chair)	3	3
Hamid Patel CBE (Appointed to Board Dec 2017)	2	2
Cath Hitchen (Associate Member)	3	3

Two Committee Advisors have been recruited to the Academic Board during the year who will take up the role in 2017/18 to further strengthen the work of the Committee.

The ***Nomination and Remuneration Committee*** is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given to the oversight of Governance for the Trust.

Trustee	Meetings attended	Out of a possible
Kamruddin Isap Kothia, DL (Chair)	2	3
Faruk Dasu	2	3
Harry Devonport	3	3
Mohamed Isap	2	3

The Trust has established a ***Faith and Character Education (FCE) Committee*** in 2016/17 which will assist the board of Trustees by enabling more detailed consideration to be given to the oversight of the Faith Ethos for the Muslim faith schools within the Trust. The Committee had an initial meeting that will be further supported during 2017/18 with the appointment of 7 Committee Advisors.

Trustee	Meetings attended	Out of a possible
Faruk Dasu (Chair)	1	1
Hamid Patel CBE	1	1

Review of Value for Money

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

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

- ***Improving educational standards***

  The Accounting Officer has improved value for money in improving educational standards in the following ways:

  1. Refining the education model to be applied across all Trust schools aimed at:
     - maximising pupil performance in public examinations
     - securing intellectual and academic rigour in student development
     - ensuring an emphasis on leadership and personal development
     - ensuring that the model maximises efficiency in the deployment of teaching and other resources
  2. Refreshing the Quality Assurance framework so that it is focused at areas of greatest risk. This has ensured that resources are carefully targeted on addressing underperformance and maximising improvement. Additional freedoms and flexibilities are provided to high performers to encourage innovation and free up resource to target on areas of risk and need.
  3. Delivering high quality Continuing Professional Development (CPD) to individual and groups of schools focusing on common areas of improvement and interest aimed at improving the quality of leadership and teaching in the school group.
  4. Investing in high quality induction for the new Olive Schools and sponsored academies joining the Trust during the academic year. Experience has shown that investment in induction before a new school opens pays both short and long term dividends in accelerating educational and operational performance.

- ***Robust governance and oversight of Multi Academy Trust finances***

  The Trust has established robust guidance within the Trust's Financial Management Handbook. The Trust has also developed a Financial Procedures Manual to ensure segregation of duties, uniformity and consistency across all schools within the Trust. The Trust benefits from the provision of a suitably qualified Financial Controller. He and his staff hold regular meetings with all schools within the Trust. He has also been working very closely with the Principals for the new free schools due to open in September 2017 to ensure a viable and sustainable budget and long term finance plan has been devised and approved. These have all been signed off by the Accounting Officer.

  The Trust has appointed a Management Accountant for high level support to the schools. It is envisaged that this post would complete a number of visits to each school. During these visits there will be compliance and health checks reviewing key policies, systems and procedures, with reports presented on compliance to the Head of the school as well as the Financial Controller for the Trust.

  RSM have been commissioned as the Internal Auditors for the Trust, with 8 internal audits carried out during 2016-17. The internal audit reports highlighted the strong practices in place at the schools as well as a number of low risk recommendations. Any recommendations from the internal audits have been actioned at both the school level and across the Trust. The internal audit reports were presented

to both local Governing Bodies for schools as well as the Audit Committee for the Trust. A 3 year internal audit plan is in place to cover a vast programme of areas during a time of rapid growth for the MAT. The Trust also receives support throughout the year from its external auditors on compliance and accounting practices.

The Local Governing Body of each school receives detailed financial information for their termly meetings and the Local Governing Body approves the budget plan annually. They are mindful of the need to balance expenditure against income to ensure the sustainability of their respective schools and to ensure the Trust remains a 'going concern'. The members of the Trust meet with the external auditors annually to review and scrutinise the annual accounts and our external auditors' management report and to approve the annual accounts.

The Financial Controller reports back the financial position at a school and Trust level to the Accounting Officer, on a regular basis. In addition, a formal termly report is prepared for the trustees.

- ***Better Purchasing***

The Trust ensures a continual focus on best value for money and clearly understands the importance of the efficient and effective use of its resources. Our schools and Trust promote fair competition through quotations and tenders, in accordance with its financial regulations, to ensure that goods and services are secured in the most economic and effective way. Where possible, the Trust has secured single supplier contracts, through competitive tender, for areas where a single supplier is appropriate for our schools i.e. insurance, payroll, ICT software licences and internal audit. This has considerably reduced the cost of this provision to schools. For 2016-17, the Trust has re-tendered the payroll service along with HR which will achieve cost efficiencies along with much better functionality and reporting. Also, further service level agreements will be agreed across the Trust for HR services, trips management system, SIMs support and virtual learning environment.

The budget holders review and sign off every purchase order request and regularly challenge these for efficiency and effectiveness. In turn the Governing Body regularly reviews the functions of the school, challenging how and why services are provided as appropriate. On an annual basis, the Governing Body reviews and signs off the contracts and Service Level Agreements the school are entering into for the upcoming year. Benchmarking exercises are carried out for cost comparisons and to ensure value for money.

- ***Maximising income generation***

The Trust is mindful of the need to generate additional funds to maximise income generation. Due to the temporary nature of the current school sites, income generation from lettings has been challenging, however, once the schools move into their permanent sites, the plan is to utilise the premises to ensure the community benefits from the extended services provided by carefully vetted voluntary and community support groups as well as providing an income stream for the schools.

The schools ran a number of fund raising events throughout the year, both for charity and to generate income for their respective schools. The income generated for the schools is used to help support the wider curriculum and give further opportunities to all children that are not possible through the schools' budget allocation.

- ***Reviewing controls and managing risks***

Business Continuity Plans, Risk Management Policies and risk registers have been devised at both the Trust and school level. These have been approved by the Local Governing Bodies with the risk register reviewed termly.

The Head teacher and Head of Finance & Business Services review budget monitoring reports, considering expenditure against each budget cost centre monthly and address any significant variances against budget. The Local Governing Body reviews and checks these reports on a termly basis and

reports to the Board of Trustees for the Trust.

The Local Governing Body reviews and approves the financial regulations and scheme of delegation detailing the finance related systems and procedures and other key financial policies. There is full segregation of duties within each school office.

- ***Lessons Learned***

  A Trust wide investment strategy will be devised to ensure that returns on pooled reserves are maximised. Service level agreements and contracts are under review annually to continually look at best value and efficiency savings. In-house catering provision is being developed to provide improved nutritional meals at better value as schools move into their permanent sites.

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 Tauheedul Education 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 Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal 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 Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance and general purposes 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as their internal auditors.

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

- Debtors and Creditors
- General Ledger
- Payroll
- Governance: Effectiveness
- Health and Safety
- Treasury Management
- Compliance with Academies Financial Handbook (Advisory)
- Data Protection (Advisory)

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

The reviews that were undertaken provided recommendations for where the Trust could strengthen some of its systems and internal controls which have been implemented throughout the year. Further reviews will continue into 2017/18 to help identify any other areas in which the Trust may be able to implement an improved control environment.

Review of Effectiveness

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

- the work of the Internal Auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12th December 2017 and signed on its behalf by:

Kamruddin Isap Kothia, DL
Chair of Trustees

Hamid Patel CBE
Accounting Officer

Tauheedul Education Trust

Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2017

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

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

Hamid Patel CBE
Accounting Officer
12th December 2017

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2017

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

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

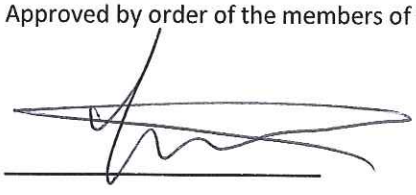
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Board of Trustees on 12th December 2017 and signed on its behalf by:



Kamruddin Isap Kothia, DL
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of Tauheedul Education Trust

For the Year Ended 31 August 2017

We have audited the financial statements of Tauheedul Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies (note 1). 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) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA.

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 trust 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.

Conclusions relating to going concern

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

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

Independent Auditors' Report on the Financial Statements to the Members of Tauheedul Education Trust

For the Year Ended 31 August 2017

Other information

The trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors' Report on the Financial Statements to the Members of Tauheedul Education Trust

For the Year Ended 31 August 2017

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report on the Financial Statements to the Members of Tauheedul Education Trust

For the Year Ended 31 August 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Beever and Struthers

Mark Bradley (Senior Statutory Auditor)
For and on behalf of Beever and Struthers

Chartered Accountants and Statutory Auditors
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

12/12/2017

Independent Reporting Accountant's Assurance Report on Regularity to Tauheedul Education Trust and the Education and Skills Funding Agency

For the Year Ended 31 August 2017

In accordance with the terms of our engagement letter dated 2 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tauheedul Education 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 Tauheedul Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Tauheedul Education Trust and 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 Tauheedul Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Tauheedul Education Trust's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Tauheedul Education Trust's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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 that a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion includes:

- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2016 to 2017.

Independent Reporting Accountant's Assurance Report on Regularity to Tauheedul Education Trust and the Education and Skills Funding Agency

For the Year Ended 31 August 2017

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

Beever and Struthers

Mark Bradley (Reporting Accountant)
For and on behalf of Beever and Struthers

Chartered Accountants and Statutory Auditors
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

12/12/2017

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

For the Year Ended 31 August 2017

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	**Total 2017**	Total 2016
		£000	£000	£000	**£000**	£000
Incoming and endowments from:						
Donations, legacies and capital grants	**3**	27	126	19,909	**20,062**	35,709
Transfer from local authority on conversion	**28**	574	(153)	18,529	**18,950**	32,025
Charitable activities:						
Funding for the Academy Trust's educational operations	**4**	-	51,336	-	**51,336**	29,244
Teaching schools	**4**	-	77	-	**77**	90
Other trading activities	**5**	107	-	-	**107**	20
Investments	**6**	21	-	-	**21**	13
Total		**729**	**51,386**	**38,438**	**90,553**	97,101
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	**7**	27	50,304	5,626	**55,957**	30,627
Teaching schools	**7**	-	72	-	**72**	80
Total	**7**	**27**	**50,376**	**5,626**	**56,029**	30,707
Net income		**702**	**1,010**	**32,812**	**34,524**	66,394
Transfers between funds	**17**	851	(1,114)	263	**-**	-
Other recognised gains / (losses)						
Actuarial gains / (losses) on defined benefit pension schemes	**17,26**	-	377	-	**377**	(1,999)
Net movement in funds		**1,553**	**273**	**33,075**	**34,901**	64,395
Reconciliation of funds						
Funds brought forward at 1 Sept 2016	**17**	3,205	24	146,957	**150,186**	85,791
Funds carried forward at 31 August 2017	**17**	**4,758**	**297**	**180,032**	**185,087**	150,186

The Statement of Financial Activities includes all gains and losses in the period and therefore a statement of total recognised gains and losses has not been prepared.

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

The comparative Statement of Financial Activities is shown in note 2.

Balance Sheet

For the Year Ended 31 August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
FIXED ASSETS					
Intangible Assets	**13**		64		228
Tangible Assets	**14**		167,523		133,954
			167,587		**134,182**
CURRENT ASSETS					
Debtors	**15**	18,886		18,937	
Cash at Bank and in Hand		12,692		9,694	
		31,578		28,631	
LIABILITIES					
Creditors: Amounts Falling Due Within One Year	**16**	(6,943)		(8,330)	
NET CURRENT ASSETS			24,635		20,301
NET ASSETS EXCLUDING PENSION LIABILITY			**192,222**		**154,483**
Defined Benefit Pension Scheme Liability	**26**		(7,135)		(4,297)
TOTAL NET ASSETS			**185,087**		**150,186**
FUNDS OF THE ACADEMY TRUST:					
Restricted Funds					
Fixed asset funds	**17**		180,032		146,957
Restricted income funds	**17**		7,432		4,321
Pension reserve	**17**		(7,135)		(4,297)
Total Restricted Funds			180,329		146,981
Unrestricted income funds	**17**		4,758		3,205
TOTAL FUNDS			**185,087**		**150,186**

The financial statements on pages 25 to 54 were approved by the Board of Trustees and authorised for issue on 12 December 2017 and are signed on their behalf by

Kamruddin Isap Kothia, DL
Chair of Trustees

Company number: 07353849

Statement of Cash Flows

For the Year Ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash used in operating activities	21	**(3,669)**	(9,320)
Cash flows from investing activities	22	**6,667**	12,088
Change in cash and cash equivalents in the reporting period	23	**2,998**	2,768
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2016	23	**9,694**	6,926
Cash and cash equivalents at 31 August 2017		**12,692**	9,694

Notes to the Financial Statements

For the Year Ended 31 August 2017

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

The Academy Trust has prepared non-consolidated accounts on the basis of materiality because its wholly owned subsidiary, Tauheedul Education Limited (TEL) is a dormant company with no profit or reserves.

Tauheedul Education Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

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 grant are reflected in the balance 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.

1. Statement of Accounting Policies (continued)

The trust is benefiting from the ESFA's Free School Building Programme for the construction of Tauheedul Islam Boys' High School, Olive School Hackney, Eden Girls' School Waltham Forest, Eden Girls' School Slough, Olive School Bolton, Olive School Preston, Olive School Birmingham, Eden Girls' School Leadership Academy, Manchester and Eden Boys' School Leadership Academy, Manchester. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls (through ownership, lease or licence) the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

As prescribed by the Academy Accounts Direction 2016 to 2017, Start-up grants have been apportioned in line with the expenditure being incurred.

- **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.

- **Legacies**

Legacies are recognised on a receivable basis (where any conditions attached to the legacy are either within the control of the Academy Trust or have been met) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including courses provided to management staff at other schools, the provision of teacher training and the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust goods has provided the goods or services.

- **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.

- **Gifted Property**

The value of gifted property provided to the Academy Trust is recognised at the cost that they are purchased at by the ESFA in the period that entitlement to the grant is confirmed and planning permission has either been granted or when the title over the property has been transferred to the Academy Trust. Where the title has been transferred, the property has been accounted for within fixed assets and the corresponding income is shown within capital grant income within the restricted fixed asset fund. Where the title has not transferred but planning permission has been granted, the property has not been included within fixed assets but instead grant income has been recognised along with the corresponding debtor.

1. Statement of 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.

- **Costs of 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.

All resources expended are inclusive of irrecoverable VAT.

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:

Purchased computer software	25% per annum

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of any 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 to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	2% per annum (buildings only when brought into use)
Leasehold land and buildings	0.8% per annum depending upon lease term
Leasehold improvements	33.3% per annum or 50% per annum depending upon lease term
Computer equipment	25% per annum
Fixtures, fittings and equipment	20% per annum

1. Statement of Accounting Policies (continued)

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.

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.

Leased assets

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

Investments and consolidation

The Academy Trust's £1 shareholding in the wholly owned subsidiary, Tauheedul Education Limited (TEL), has not been included within the balance sheet on the basis of materiality. TEL is a dormant company with no profit or reserves, therefore the results of TEL have not been consolidated into TET's financial statements.

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 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. Statement of Accounting Policies (continued)

Pensions 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 note 26, 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 trustees.

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 and Skills Funding Agency.

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.

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.

1. Statement of Accounting Policies (continued)

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 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Conversion to Academy Trust

The conversion from a state maintained school to an Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each school to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the charitable company. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in donations and capital grants as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

On conversion of Tong Leadership Academy, the Academy Trust acquired the freehold land and buildings from which it operates. No value was paid for the land or buildings. The site is subject to a 25 year PFI agreement under which Bradford City Council has retained certain rights over the use of the buildings for the remainder of the agreement. As the freehold to the land and buildings has transferred from Tong High School Trust to the Academy Trust the Academy Trust is deemed to have acquired substantially the rights and rewards of ownership. The land and buildings have therefore been incorporated in the Academy Trust's accounts as a donated asset, based on a valuation carried out in December 2016.

The PFI contract has been accounted for as an operating lease charged on a straight line basis over the lease term.

Notes to the Financial Statements

For the Year Ended 31 August 2017

2. Comparative SOFA

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£000	£000	£000	£000
Incoming and endowments from:				
Donations, legacies and capital grants	11	50	35,648	35,709
Transfer from local authority on conversion	401	(1,755)	33,379	32,025
Charitable activities:				
Funding for the Academy Trust's educational operations	-	29,244	-	29,244
Teaching schools	-	90	-	90
Other trading activities	20	-	-	20
Investments	13	-	-	13
Total	445	27,629	69,027	97,101
Expenditure on:				
Charitable activities:				
Academy Trust's educational operations	1	26,560	4,066	30,627
Teaching schools	-	80	-	80
Total	1	26,640	4,066	30,707
Net income	444	989	64,961	66,394
Transfers between funds	136	(462)	326	-
Other recognised losses				
Actuarial losses on defined benefit pension schemes	-	(1,999)	-	(1,999)
Net movement in funds	580	(1,472)	65,287	64,395
Reconciliation of funds				
Funds brought forward at 1 Sept 2015	2,625	1,496	81,670	85,791
Funds carried forward at 31 August 2016	3,205	24	146,957	150,186

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	**Total 2017 £000**	Total 2016 **£000**
Capital grants	-	-	19,909	**19,909**	**35,648**
Other donations	27	126	-	**153**	**11**
Legacies	-	-	-	**-**	**50**
	27	126	19,909	**20,062**	**35,709**

4. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	**Total 2017 £000**	Total 2016 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	42,668	**42,668**	23,206
Start Up Grants	-	965	**965**	1,736
Other DfE / ESFA grants	-	6,062	**6,062**	3,070
National College Grants	-	46	**46**	56
	-	49,741	**49,741**	28,068
Other Government grants				
Local Authority grants	-	439	**439**	255
	-	439	**439**	255
Other income from the Academy Trust's educational operations	-	1,233	**1,233**	1,011
	-	51,413	**51,413**	29,334

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	**Total 2017 £000**	Total 2016 £000
Hire of facilities	107	-	**107**	20
	107	-	**107**	20

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	**Total 2017 £000**	Total 2016 £000
Short term deposits	21	-	**21**	13
	21	-	**21**	13

7. Expenditure

	Staff Costs £000	-Non Pay Expenditure- Premises £000	Other Costs £000	**Total 2016 £000**	**Total** 2016 £000
Academy's educational operations:					
Direct costs	28,789	5,626	2,863	**37,278**	**20,977**
Allocated support costs	6,028	4,823	7,828	**18,679**	**9,650**
Teaching school	31	1	40	**72**	**80**
	34,848	10,450	10,731	**56,029**	**30,707**

Net incoming resources for the year include:

	Total 2017 £000	Total 2016 £000
Operating lease rentals	**2,536**	784
Depreciation (note 14)	**5,469**	3,450
Loss on disposal of fixed assets	**-**	420
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations) (note 13)	**157**	178
Fees payable to auditor for:		
– Audit	**36**	28
– Other services	**9**	10

8. Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	**37,278**	20,977
Support costs – educational operations	**18,679**	9,650
Teaching school costs	**72**	80
	56,029	30,707

	Total 2017 £000	Total 2016 £000
Allocated Support Costs		
Support staff costs	**6,027**	3,952
Premises costs	**4,824**	2,134
Other Support Costs	**7,766**	3,507
Governance costs	**62**	57
	18,679	9,650

9. Staff

a. Staff Costs

Staff costs during the year were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	**27,517**	15,691
Social security costs	**2,590**	1,367
Operating costs of defined benefit pension schemes	**2,985**	1,566
Apprenticeship Levy	**53**	-
	33,145	18,624
Supply staff costs	**1,291**	455
Staff restructuring costs	**412**	139
	34,848	19,218
Staff restructuring costs comprise:		
Redundancy payments	266	139
Severance payments	146	-
	412	139

9. Staff (continued)

b. Non-Statutory/Non-Contractual Staff Severance Payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,000 (2016: £nil). Individually, the payments were £19,000.

c. Staff Numbers

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

	2017 No.	2016 No.
Charitable Activities		
Teachers	**414**	240
Teaching support	**276**	155
Total teachers and teaching support	**690**	395
Administration and support	**352**	195
Management	**84**	60
	1,126	650

The average full time equivalent number of employees is 920 (2016: 513).

d. Higher Paid Staff

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

	2017 No.	2016 No.
£60,001 - £70,000	**18**	17
£70,001 - £80,000	**11**	4
£80,001 - £90,000	**6**	8
£90,001 - £100,000	**5**	2
£100,001 - £110,000	**4**	3
£110,001 - £120,000	**2**	-
£120,001 - £130,000	**1**	-
£130,001 - £140,000	**1**	-
£190,001 - £200,000	**-**	1
£210,001 - £220,000	**1**	-

Thirty-five (2016: twenty-eight) of the above employees participated in the Teachers' Pension Scheme. Nine (2016: Two) other employees participated in the Local Government Pension Scheme. During the year ended 31 August 2017, employer's pension contributions for these staff amounted to £402,998 (2016: £265,016).

9. Staff (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £526,229 (2016: £388,240).

10. Central services

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

- Financial Services
- Human Resources
- Facilities and Estates
- Governance
- Business Support
- ICT Strategy and Support
- Admissions
- Capital Programmes
- Communications
- Projects
- Leadership Specialism
- Safeguarding
- Data and Performance
- Curriculum and Assessment
- School Improvement and Educational Development
- External Quality Assurance
- Inclusion

The Academy Trust charges each school for these services based on a percentage of their GAG. There may also be additional charges made to some of the academies for specific levels of support. An example of this could be staffing issues at the new schools which may be covered by staff from the central services.

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
TIBHS	**166**	160
TIGHS	**205**	208
OBL	**118**	100
OHA	**157**	133
EBB	**130**	85
EGC	**141**	102
EGW	**140**	103
EBP	**90**	60
EBM	**99**	69
EGS	**91**	62
HLA	**319**	134
LLA	**469**	200
OPR	**32**	-
OBI	**54**	-
TLA	**507**	-
	2,718	1,416

11. Related Party Transactions – Trustees' remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive only receives remuneration in respect of the services he provides undertaking the role of CEO under his contract of employment, and not in respect of his role as trustee. The value of trustees' remuneration and other benefits was as follows:

Hamid Patel CBE (CEO and trustee):
Remuneration £210,000 - £215,000 (2016: £195,000 - £200,000)
Employer's pension contributions paid £nil (2016: £nil)

The aggregate trustee remuneration in the year is £210,125 (2016: £200,000).

During the year ended 31 August 2017, travel and subsistence expenses totalling £547 (2016: £235) were reimbursed or paid directly to 3 trustees (2016: 2).

Other related party transactions involving the trustees are set out in note 27.

12. Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance providers cover up to £5,000,000 on any one claim, and the cost for the year ended 31 August 2016 was £8,213 (2016: £7,378). The cost of this insurance is included in the total insurance cost.

13. Intangible fixed assets

	Computer Software £000	**Total 2017 £000**
Cost		
At 1 September 2016	547	**547**
Additions	(7)	**(7)**
At 31 August 2017	540	**540**
Amortisation		
At 1 September 2016	319	**319**
Charged in year	157	**157**
At 31 August 2017	476	**476**
Net Book Value		
At 31 August 2017	64	**64**
At 31 August 2016	228	**228**

14. Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Leasehold Improvements £000	Assets in the Course of Construction £000	Furniture, Fixtures and Equipment £000	Computer Equipment £000	Total 2017 £000
Cost							
At 1 September 2016	99,817	20,810	2,207	7,047	4,211	4,384	138,476
Additions	433	-	976	18,013	282	805	20,509
Transferred on conversion	18,100	-	-	-	312	117	18,529
Disposals	-	-	(871)	-	-	-	(871)
Reclassifications	(5,197)	5,197	-	-	-	-	-
At 31 August 2017	113,153	26,007	2,312	25,060	4,805	5,306	176,643
Depreciation							
At 1 September 2016	1,308	211	1,063	-	549	1,391	4,522
Charged in year	2,012	619	680	-	908	1,250	5,469
Disposals	-	-	(871)	-	-	-	(871)
Reclassifications	(218)	9	209	-	-	-	-
At 31 August 2017	3,102	839	1,081	-	1,457	2,641	9,120
Net Book Value							
At 31 August 2017	110,051	25,168	1,231	25,060	3,348	2,665	167,523
At 31 August 2016	98,509	20,599	1,144	7,047	3,662	2,993	133,954

The trust's transactions relating to land and buildings included:

- the extension of an existing leasehold on land and buildings at 66-68 Cazenove Road, Hackney for £120,000 over a term of 3 years;
- the disposal of the leasehold improvements at Whitby Road, Slough;
- the granting of a leasehold on the Ambulance Station, Lincoln Street, Coventry for £49,400 over a term of 1.5 years.

15. Debtors

	2017	2016
	£000	£000
Trade debtors	340	292
VAT recoverable	3,492	1,290
Other debtors	14,291	16,780
Prepayments and accrued income	763	575
	18,886	18,937

16. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	1,209	2,393
Other taxation and social security	410	279
Other creditors	995	183
Accruals and deferred income	4,329	5,475
	6,943	8,330

Deferred income

	2016
	£000
Deferred income at 1 September 2016	1,494
Released from previous years	(1,494)
Resources deferred in the year	581
Deferred income at 31 August 2017	581

The deferred income held at 31 August 2017 consists mainly of Start Up Grants for Academies which have not yet opened. Other deferred income related to various other grants received including funding received for 2017/18 Universal Free School Meals.

17. Funds

	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 (GAG)	4,271	42,668	(39,140)	(560)	7,239
Start Up Grant	-	965	(965)	-	-
Pupil Premium	-	2,455	(2,529)	217	143
Pension reserve	(4,297)	(153)	(3,142)	457	(7,135)
Other DfE / ESFA grants	-	4,092	(4,092)	-	-
Other income / expenditure	-	1,359	(508)	(851)	-
Legacies	50	-	-	-	50
	24	51,386	(50,376)	(737)	297
Restricted fixed asset funds					
Transferred on conversion	43,781	18,529	(2,220)	-	60,090
DfE / ESFA Capital grants	102,672	19,909	(3,279)	(107)	119,195
Capital expenditure from GAG	504	-	(127)	370	747
	146,957	38,438	(5,626)	263	180,032
Total Restricted Funds	146,981	89,824	(56,002)	(474)	180,329
Unrestricted funds					
Unrestricted funds	3,205	729	(27)	851	4,758
Total Funds	150,186	90,553	(56,029)	377	185,087

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2017. The carried forward GAG will be used towards the future operations of the free school as allocated below.

The pension fund is in deficit at the year end of £7,135,000 (2016: £4,297,000). This deficit is mainly made up of the pension deficits within HLA , LLA and TLA . Upon conversion TLA introduced a deficit on conversion of £1,913,000. There are repayment plans in place for HLA and LLA to repay these deficits over the timeframes provided by both Lancashire Council Pension Fund and West Yorkshire Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus

The unrestricted funds can be used for any purpose as the trustees see fit within the charitable objectives.

17. Funds (continued)

The transfer from the restricted fund to the restricted fixed asset fund is the net balance from accounting for fixed asset acquisitions purchased out of GAG and non-fixed asset expenditure purchased out of Capital Grant funding such as rental costs for temporary accommodation. The transfer from the restricted fund to the unrestricted fund represents the remaining balance on restricted funds where all restrictions have been met at 31 August 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	2017	2016
	£000	£000
Central Services	**4,213**	2,981
TIBHS	**591**	473
TIGHS	**2,037**	1,502
OBL	**661**	342
OHA	**460**	342
EBB	**456**	222
EGC	**523**	404
EGW	**409**	361
EBP	**113**	35
EBM	**538**	285
EGS	**232**	92
HLA	**345**	288
LLA	**271**	199
OPR	**21**	-
OBI	**65**	-
TLA	**1,255**	-
Total before fixed assets and pension reserve	**12,190**	7,526
Restricted fixed asset fund	**180,032**	146,957
Pension reserve	**(7,135)**	(4,297)
Total	**185,087**	150,186

17. Funds (continued)

Total cost analysis by academy

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 and Impairment) £000	Total 2017 £000	Total 2016 £000
TIBHS	1,721	250	53	757	2,781	2,589
TIGHS	2,756	449	77	803	4,085	4,263
OBL	1,139	298	58	363	1,858	1,653
OHA	1,505	339	103	874	2,821	2,162
EBB	1,342	223	90	327	1,982	1,508
EGC	1,329	337	86	479	2,231	1,540
EGW	1,447	251	151	531	2,380	1,736
EBP	919	180	75	329	1,503	1,111
EBM	879	229	55	259	1,422	904
EGS	978	241	74	625	1,918	1,289
HLA	3,806	290	65	1,358	5,519	2,601
LLA	4,035	758	127	982	5,902	2,440
OBO	335	129	25	430	919	-
OPR	366	130	39	249	784	-
OBI	549	194	68	222	1,033	-
TLA	4,003	814	53	1,641	6,511	-
Central Services	1,687	940	1	984	3,612	2,844
	28,796	6,052	1,200	11,213	47,261	26,640

18. 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	-	-	64	**64**
Tangible fixed assets	-	-	167,523	**167,523**
Current assets	5,474	11,133	14,971	**31,578**
Current liabilities	(716)	(3,701)	(2,526)	**(6,943)**
Pension scheme liability	-	(7,135)	-	**(7,135)**
Total net assets	4,758	297	180,032	**185,087**

19. Capital commitments

At 31 August 2016, the Academy Trust had the following capital commitments:

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	**2,871**	10,127

All capital commitments are fully supported by Capital Grant programmes.

20. Commitments under operating leases

Operating leases

At 31 August 2016 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	**2,788**	1,291
Amounts due between one and five years	**9,139**	3,368
Amounts due after five years	**26,238**	11,903
	38,165	16,562

21. Reconciliation of net income to net cash inflow from operating activities

	2017 £000	2016 £000
Net income for the reporting period (as per the statement of financial activities)	**36,342**	66,394
Adjusted for:		
Amortisation (note 13)	**157**	178
Depreciation (note 14)	**5,469**	3,450
Loss on the sale of fixed assets	**-**	420
Capital grants from DfE and other capital income	**(38,438)**	(69,027)
Fixed assets transferred on conversion	**(18,529)**	(33,379)
Interest receivable (note 6)	**(21)**	(13)
Defined benefit pension scheme obligation inherited	**153**	1,755
Defined benefit pension cost less contributions payable (note 26)	**325**	121
Defined benefit pension scheme finance cost (note 26)	**120**	44
Decrease in debtors	**13,867**	25,961
Decrease in creditors	**(3,114)**	(5,224)
Net cash used in Operating Activities	**(3,669)**	(9,320)

22. Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	**21**	13
Purchase of intangible fixed assets	**7**	(48)
Purchase of tangible fixed assets	**(17,983)**	(40,453)
Capital grants from DfE / ESFA	**24,622**	52,576
Net cash inflow from capital expenditure and financial investment	**6,667**	12,088

23. Analysis of cash and cash equivalents

	At 31 August 2017	At 31 August 2016
	£000	£000
Cash in hand and at bank	**12,692**	9,694
Total cash and bank equivalents	**12,692**	9,694

24. Contingent Liabilities

The Academy Trust had no contingent liabilities at 31 August 2017.

25. Members' Liability

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

26. 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 Lancashire County Council and West Yorkshire Council. All 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 2013.

Contributions amounting to £206,977 were payable to the schemes at 31 August 2017 (2016: £95,667) 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 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

Not less than every four years 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

26. Pension and Similar Obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £2,196,533 (2016: £1,256,410).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,301,390 (2016: £543,160), of which employer's contributions totalled £886,167 (2016: £365,771) and employees' contributions totalled £415,223 (2016: £177,389). The agreed contribution rates for future years are between 8.3% and 17.9% for employers and between 5.5% and 12.5% for employees depending upon income.

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 Academy Trust's fund, within the LGPS is in deficit at the year end of £7,135,000 (2016: £4,297,000). This deficit is mainly made up of the pension deficits within HLA, LLA and TLA . Upon conversion TLA introduced a deficit on conversion of £1,913,000. There are repayment plans in place for HLA and LLA to repay these deficits over the timeframes provided by both Lancashire Council Pension Fund and West Yorkshire Pension Fund. Contributions are reviewed periodically by the actuary to keep the scheme in surplus. During the year ended 31 August 2017, TET already collectively repaid £80,200 (2016: £43,925) of deficit repayments.

Principal Actuarial Assumptions

	LCPF At 31 August 2017	WYPF At 31 August 2017	LCPF At 31 August 2016	WYPF At 31 August 2016
Rate of increase in salaries	3.70%	3.50%	3.30%	3.40%
Rate of increase for pensions in payment / inflation	2.20%	2.00%	1.90%	1.90%
Discount rate for scheme liabilities	2.50%	2.50%	2.10%	2.00%
Inflation assumption (CPI)	2.20%	2.00%	1.80%	1.90%
Commutation of pensions to lump sums	50%	50%	50%	50%

26. Pension and Similar Obligations (continued)

Sensitivity Analysis - LCPF

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	8,545	8,342	8,753	8,598	8,695
Assets	(4,544)	(4,544)	(4,544)	(4,544)	(4,544)
Deficit	4,001	3,798	4,209	4,054	4,151
Projected Service Cost for next year	1,414	1,366	1,464	1,414	1,443
Projected Net Interest Cost for next year	88	86	93	90	92

Sensitivity Analysis – WYPF (LLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	2,646	2,588	2,671	2,681	2,726
Projected Service Cost for next year	266	259	266	273	276

Sensitivity Analysis – WYPF (TLA)

Disclosure item	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a inflation	Sensitivity 3 +0.1% p.a pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	7,224	7,065	7,286	7,323	7,443
Projected Service Cost for next year	570	555	570	585	591

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

	LCPF At 31 August 2017	WYPF At 31 August 2017	LCPF At 31 August 2016	WYPF At 31 August 2016
Retiring today				
Males	22.6	22.1	23.0	22.7
Females	25.2	25.2	25.6	25.6
Retiring in 20 years				
Males	24.9	23.0	25.2	24.9
Females	27.9	27.0	27.9	28.0

26. Pension and Similar Obligations (continued)

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

	LCPF Fair Value at 31 August 2017 £000	WYPF Fair Value at 31 August 2017 £000	LCPF Fair Value at 31 August 2016 £000	WYPF Fair Value at 31 August 2016 £000
Equities	1,994	2,416	1,347	1,088
Government Bonds	86	301	-	162
Other Bonds	105	122	87	61
Property	473	141	332	70
Cash and other liquid assets	209	47	122	20
Other	1,677	107	1,602	48
Total market value of assets	4,544	3,134	3,490	1,449

The actual return on scheme assets was £205,000 (2016: £86,000).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	**(2,106)**	(475)
Past service cost	**(7)**	-
Interest income	**205**	86
Interest cost	**(325)**	(121)
Administrative expenses	**(22)**	(9)
Total operating charge	**(2,255)**	(519)

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

	2017 £000	2016 £000
At 1 September 2016	**9,236**	1,212
Conversion of academy trusts	**6,085**	4,669
Current service cost	**2,106**	475
Interest cost	**325**	121
Employee contributions	**413**	170
Actuarial loss	**369**	2,591
Benefits paid	**(126)**	(2)
Past service cost	**7**	-
At 31 August 2017	**18,415**	9,236

26. Pension and Similar Obligations (continued)

Changes in the fair value of academy's share of scheme assets were as follows:

	2017	2016
	£000	£000
At 1 September 2016	**4,939**	**834**
Conversion of academy trusts	**4,172**	**2,914**
Interest income	**205**	**77**
Actuarial gain	**746**	**592**
Employer contributions	**931**	**354**
Employee contributions	**413**	**170**
Benefits paid	**(126)**	**(2)**
At 31 August 2017	**11,280**	4,939

27. Related Party Transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

Susan Mary Barkway (a former trustee) is also the proprietor of a sole trader business. Transactions totalling £nil (2016: £2,188), relating to consultancy services took place in the year whilst Susan Mary Barkway was a trustee. There were no amounts outstanding at 31 August 2017 (2016: £nil).

TC – a charitable company which is run by a number of trustees that are also trustees of TET. Payroll recharges totalling £176 (2016: £nil) were made to TC in the year. There were no amounts outstanding at 31 August 2017 (2016: £nil).

Z Dasu who is the spouse of F Dasu, a trustee of TET, is employed at TIGHS:
Remuneration £10,000 - £15,000 (2016: £10,000 - £15,000)
Employers pension contributions £nil (2016: £nil)

Z Dasu has been employed at TIGHS since 2009, before F Dasu became a Trustee of TET.

UK Kothia who is the son of KI Kothia, the Chair of trustees at TET, is employed at TIBHS:
Remuneration £25,000 - £30,000 (2016: £20,000 - £25,000)
Employers pension contributions £nil - £5,000 (2016: £nil - £5,000)

The Academy Trust made the above purchases at arm's length in accordance with its financial regulations, which the related parties neither participated in, nor influenced.

In entering into the transactions listed above the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

28. Conversion to an academy status

On 1 December 2016 Tong High School (now known as Tong Leadership Academy) converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tauheedul Education Trust from Bradford City Council for £nil consideration.

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

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

Tong High School

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	**Total 2017 £000**
Tangible fixed assets				
– Freehold land and buildings		-	18,100	**18,100**
– Other tangible fixed assets		-	429	**429**
Budget surplus on LA funds	574	-	-	**574**
LGPS pension deficit		(153)	-	**(153)**
Total net assets	574	(153)	18,529	**18,950**

The unrestricted budget surpluses received on conversion as noted above, are to be used within the respective schools for which they were received.