

TeachFirst

**Teach First annual
report and accounts
for the year ended
31 August 2018**



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COMPANIES HOUSE

8,270

Teach First ambassadors, who have completed the teacher training programme

2,415

active participants on the training programme at September 2018 - across the 2017 and 2018 cohorts

1,963

ambassadors in senior and middle leadership roles in schools

44

ambassador headteachers

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A WELCOME FROM OUR CHAIR, PAUL DRECHSLER CBE



We were pleased to welcome a new cohort of over 1,200 trainee teachers onto our flagship Leadership Development Programme in 2018, confirming our position as one of the top five graduate recruiters in the UK for the seventh consecutive year. That means that, since our inception, we have placed over 12,000 graduates and career changers in classrooms in England and Wales.

We are proud of our continued success attracting candidates of the highest potential, training them to become fantastic teachers and placing them in the schools where they are needed most. We are disappointed to have missed our recruitment target. Despite our best efforts, the increasingly competitive graduate market and the perceived shortfalls of teaching as a profession have been challenging for us. We know we must do more in the future to continue having our desired impact on the lives of children and young people from disadvantaged backgrounds.

To this end, under the leadership of our new CEO Russell Hobby, we have developed a new strategy. The strategy gives us focus and clarity of purpose and I am confident that it will place us in a much better position to achieve the outcomes that we aspire to: getting more great teachers into the schools that need them most; and supporting those schools to develop networks and leadership capabilities which enable pupils and teachers to thrive.

Our belief that school leadership is key to enabling both pupils and teachers to thrive is a cornerstone of our new strategy. This year, to support this vital work, we launched, in partnership with the Department for Education, our Leading Together programme. We are working with schools in disadvantaged areas to build and sustain the strong leadership teams that are vital to their success.

The network of Teach First ambassadors (trainees who have completed our Leadership Development Programme and remain engaged with our vision) continues to grow and is now over 8,000 strong. We continue to see the benefits of our work supporting the progress of our ambassadors into leadership roles in schools, social enterprises, businesses and the public sector, increasing the number of people in the UK focused on our vision of ending educational inequality. This growth is reflected in the fact that 44 of our ambassadors are now headteachers and more than 1,900 are in middle or senior school leadership roles.

At our Gala fundraising dinner at Kensington Palace earlier this year we welcomed many of our donors, ambassadors, supporters and staff of the charity, all of whom have given so much over the years. We heard first hand at this event of the impact we are having on the lives of many of the amazing pupils we work with.

I am delighted to welcome Tulsi Naidu, Jason Arthur, Julianne Ilebode-Akisanya and Caroline Carr to the Board this year, who bring with them a wealth of experience.

Finally, on behalf of our Trustees, I would like to thank every single member of our community for their relentless focus on achieving our vision where no child's educational success is limited by their background.

CHIEF EXECUTIVE OFFICER'S INTRODUCTION



Great teaching can help ensure all children unlock their full potential. Too many are currently denied that chance through poverty.

There are already teacher shortages in the UK, but the number of secondary school children will increase by a fifth by 2027 (Department for Education, National pupil projections; future trends in pupil numbers, July 2018). That is more than the number of secondary pupils currently in the whole of London. Our research shows that every secondary school in England and Wales will require 11 more teachers to cope with this growth. At the same time, for every newly qualified teacher starting in the classroom, there is another experienced teacher leaving the profession.

If we don't reverse this trend, it will be children from disadvantaged communities who are most likely to miss out on the quality of education they deserve and need to achieve their potential.

We are determined to address this challenge head on. We're launching new recruitment programmes to attract as many outstanding people as possible into teaching – who can go on to become future leader. We're increasing our support for teachers, developing school leadership capabilities and empowering our networks; all with the aim of helping teachers to thrive and therefore increasing the number who are able to remain involved in teaching.

This has been my first year at Teach First and it has been my privilege to work with some of the most talented and knowledgeable people I have ever been involved with. I'm proud of the difference we are making to the lives of children and young people in disadvantaged communities but also acutely aware that we can do more.

One priority has always been, and remains, at the heart of what we do: recruiting outstanding people and placing them in the schools where they're needed most. We will grow the number of people we recruit on to our Leadership Development Programme, and our new programmes will also build on everything we've learned so far. These new initiatives include dedicated programmes for people changing careers to become teachers and those returning to teaching after a period away.

We're also making school leadership a priority, with three new or expanded programmes. Our School Leadership Pathway and Careers Leaders programmes will help teachers grow and progress, while Leading Together will build school-wide leadership capacity. They're all designed to create the conditions for teachers and schools to have their biggest impact on young lives.

Brilliant as they are, we know we cannot leave this challenge to schools alone. Schools succeed when they have the support of the rest of society. Our new strategy continues our commitment to using our networks of ambassadors, alumni, supporters and partners to tackle deep rooted barriers to young people fulfilling their potential. This community is poised to flourish and to lead.

I'm excited about what we can achieve over the period of this strategy. I'm convinced that by focusing our efforts on what we do best and putting an organisational structure in place which enables us to effectively deliver the strategy, we will have a significant impact on the lives of more young people.

Thank you to everyone who has supported us this year. Working together with like-minded partners we can achieve our vision of ending educational inequality.

Russell Hobby, Chief Executive Officer

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

PURPOSE AND ACTIVITIES

Our purpose

Our vision

No child's educational success should be limited by their background.

Our mission

Transforming education with great teachers and leaders.

Our work

Millions of British children live in poverty. This unfairly affects their education. The gap between the attainment of pupils from low-income backgrounds and those from wealthier backgrounds is a huge problem in our education system and for our country. We exist to challenge this.

In 2002, London was the worst place for children from low-income communities to be educated, with schools struggling to attract and retain high-quality teachers. We developed our Leadership Development Programme to tackle this – our first cohort of 186 trainee teachers started in the capital's schools in 2003. Since then, GCSE results in inner London have gone from the lowest in England to the highest. The Lessons from London Schools research report (CfBT and Centre for London, 2014) identified Teach First as one of four key factors in this transformation of London schools. Other factors were the London Challenge initiative, the introduction of academies, and improved school support from local authorities.

We know we can't bring an end to inequality in education alone. We work with thousands of schools, businesses, universities and charities that are equally impatient to improve the life chances of children and young people from low-income backgrounds.

As the situation improved in London, we've expanded the areas we work in and now work right across England and Wales. This year 65% of our new cohort is teaching outside of London.

We commission and carry out research to evaluate the impact our teachers are having in the classrooms, departments and schools.

We use this information in combination with surveys of our partner schools as well as contextual information gathered from teachers' classrooms - including the results of internal assessments and pupil voice surveys - to understand where we are able to be effective and how we can best improve. Research to date shows that taking Teach First participants leads to a small positive improvement in school and department results (Allen and Allnutt 2013) and that those training in Teach First progress rapidly into leadership positions in schools (Allen, Parameshwaran and Nye 2016).

In September 2017 we supplied teachers to 924 schools or 10% of the schools in greatest need, as assessed by the level of deprivation in their school and levels of attainment. Many of these teachers would not have gone into teaching if it wasn't through Teach First. In our annual survey of partner schools, 92% of headteachers surveyed said they were satisfied with their Teach First partnership and 93% responded that they would recommend Teach First to others, up 4% from the previous year.

Our activities

Our strategy for the period 2015-18 focused on four areas:

- **Participant impact:** recruiting, training, developing and supporting trainee teachers (participants) on our Leadership Development Programme (LDP) to be inspiring teachers and leaders; ensuring our teachers are fully equipped to tackle educational inequality in the classroom; growing the number of schools we partner with and placing teachers where they're needed most.
- **Ambassador impact:** after completing the LDP and gaining Qualified Teacher Status, our trainee teachers become our ambassadors. Many continue to work or volunteer in support of our vision and we continue to support them to do this, whatever direction their career takes.
- **Access:** improving opportunities for young people from low-income backgrounds to access higher education and employment after leaving school. Ensuring our teachers and schools are equipped to support young people in preparing for, and making decisions about, the post-school opportunities available to them.
- **Collective action:** collaborating with schools, businesses and other partner organisations to develop new solutions that help to end educational inequality.

Our new strategy

Over the last year we have been looking towards the future. We have been considering the challenges schools and teachers face in giving every child a fair start. To tackle these challenges, we have developed a new strategy. Our strategy for 2019-23 focuses on three key outcomes that reflect our unique contribution to tackling educational inequality:

More great teachers in the schools where they're needed most

We've already helped create a new generation of classroom teachers and school leaders. With world-class training and support, our trainees continue to play an inspirational role in actively tackling disadvantage. We will increase our focus on recruiting quality teachers for the schools that need them most.

If we're to beat the teacher recruitment challenge, we must find new ways of attracting even more high-potential and diverse people to the best job in the world. Through a number of initiatives, we will focus on removing the barriers that research shows prevent people from both entering and returning to teaching.

Career changers

Research shows that up to 1.1 million people over 25 with a degree would consider teaching and over 30% of the 2018 intake into the Leadership Development Programme were career changers. But we know that many face barriers that recent graduates don't, and some need additional support to change career and start teaching. To help, we're launching our **Time to Teach** pilot, which tailors our independently assessed outstanding training and support to fit the needs of those switching careers. We're also partnering with Now Teach, to help those later in their career get into teaching.

Teaching assistants

Many teaching assistants have a deep knowledge of their schools and communities that adds real value to teaching. Our new **Teaching Assistant Fast Track** works with schools to identify high-potential teaching assistants and support them to train to teach. Vitally, they will complete their training while continuing to work at their school.

University students and graduates

There is more to do to encourage a greater number of graduates to take a leap into teaching. We are continuing our core work of attracting high-potential graduates to teach in the schools that need them most. We also want to ensure our pupils have role models that reflect the society they live in and will work to further increase the number of black, Asian and minority ethnic teachers and leaders.

Returners to teaching

Approximately 300,000 qualified teachers of working age are not teaching. Our research shows that, if we can remove some of the barriers to returning, 20% of these teachers may return. That's a pool of 60,000 teachers. Our **Reconnect with Teaching** pilot addresses the barriers and will help these qualified teachers get back into teaching by finding flexible roles in supportive schools, refreshing their skills and supporting the transition back to the classroom.

Support school leadership so our teachers and pupils thrive

We cannot achieve our vision – that no child's educational success is limited by their background – by recruiting great teachers alone. Our work with schools, and their feedback, has taught us that teachers succeed and want to stay in the classroom when nurtured by supportive, visionary and determined leadership.

We will work in partnership with schools to focus on school leadership at all levels. We'll also continue to gather research from schools and teachers, so our leadership programmes create stronger school environments, offer exciting career opportunities and help teachers stay in the profession if they want to.

Stronger leadership teams

Our **Leading Together** programme supports schools to build effective leadership across the whole school. Through expert training, coaching and partnering between schools, the two-year programme helps school leadership teams develop and sustain an environment where all teachers and pupils can thrive.

Career progression in school leadership

Our **School Leadership Pathway** helps individual teachers progress to become school leaders. Designed around the specific needs and time constraints of teachers, it provides access to research-based leadership training and accredited National Professional Qualifications (NPQs). It gives a clear and compelling avenue to develop and stay in teaching.

Strategic leadership programmes such as our **careers leaders programme** build leadership capacity in schools whilst developing the skills of school leaders. The programme provides a 12-month package of training to support careers leaders to design, implement and evaluate a school-wide careers and employability strategy. This enables more young people to make informed choices about their futures and succeed beyond school.

Support schools with strong networks and a positive policy environment

The challenge of tackling inequality in education begins in the classroom, but it doesn't end there. In 16 years, more than 8,000 teachers have completed our programme, and worked hand in hand with businesses and a vibrant community of partners. There are now more than 1,900 Teach First trained middle and senior leaders and 44 headteachers. Many alumni are doing valuable work through social entrepreneurship, government, business and more to influence the future of education.

As the Teach First alumni community hits the 8,000 mark now is the time to change how we work with them. Their experience of teaching and lifelong commitment to supporting our vision means they have insight into what needs to be done to tackle inequality in education and they have the connections to get schools some of what they need. We must let them lead. We will make it easy for them to connect to each other, to schools, and to make change happen. We will empower our alumni to run their own events and networks, prioritising our resources where, together, we can have more impact than we can alone. These priority networks start with:

- Innovation community
- Alumni headteachers
- Ambassadors in business

Our networks, working to support schools, enhance the work we can do through teaching and leadership. We will also use our voice, informed by our community and research, to influence policy to address the barriers pupils, teachers and schools face.

If we get this right, together, we will make it easier to get more great teachers into the schools where they are needed most, helping them to stay and thrive.

We're changing how we work

To do all of this we need to change how we work as an organisation and how we work with others. We're committed to:

- Working more closely with schools, developing new programmes in partnership with them and tailoring our offer to their challenges.
- Improving our efficiency and the value for money we offer schools.
- Bringing the voice of schools, teachers and pupils closer to the heart of our decision making.
- Simplifying our systems for schools, teachers and candidates to use – saving time and money.

How we'll know we've been successful

We conduct research and evaluation to help us understand the impact we have. We'll know we're making progress towards our goals if we:

- Grow the number of high-potential people we place in schools serving disadvantaged communities
- Train them to a world-class standard to become successful teachers
- Increase the number of schools we support and develop more people to become school leaders in disadvantaged schools, who in turn help new teachers to grow
- Create strong networks and a positive policy environment around schools so they can thrive

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

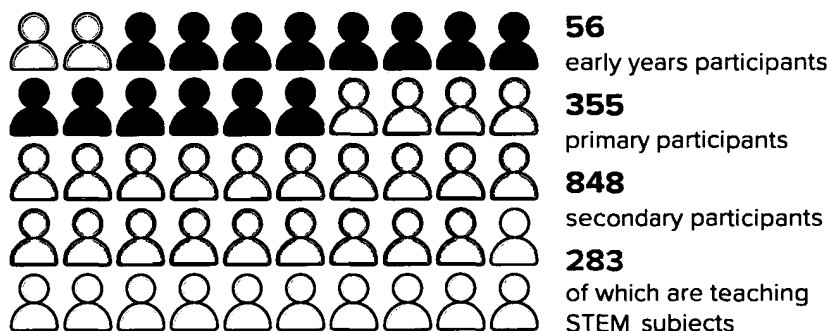
In 2017/18 we continued to organise and deliver against our “Areas of Activity”, so we also present our achievements and performance against these. In 2018/19 we’ll move to reporting our performance against the three new strategic outcomes outlined above.

Participant impact: recruiting, training and developing teachers

WHO HAVE WE HIRED?

1,259

Participants joined
our 2018 cohort



Recruitment

In 2018 we recruited our 15th cohort of trainee teachers (our participants), placing 1,259 teachers in schools across England and Wales (2017: 1,396). We placed 56 teachers in Early Years settings (2017: 59), 355 in primary schools (2017: 363) and 848 in secondary schools (2017: 974). Of our 2018 secondary participants, 283 (22%) are teaching crucial STEM subjects - Science, Technology, Engineering and Maths (2017: 334, 24%).

We achieved this at a highly challenging time for the sector, with record numbers of graduate opportunities outside teaching, many of them offering a salary that schools are unable to match. In addition, the appeal of teaching within the top universities fell to 9.1% (2017: 9.9%), while applications to continue studying in higher education were at their highest levels since 2008/09.

While the total of 1,259 participants was below our target, it puts a large number of highly-motivated teachers, with high potential for impact, into the schools in England and Wales where they're needed most.

Since 2003, more than 8,000 teachers have completed our programme, being placed in over 1,600 schools throughout England and Wales, where they've taught more than one million young people.

We continue to be one of the country's most prestigious training schemes, cementing our fourth place in The Times 'Top 100 Graduate Employers'. As discussed earlier in this report, we are now refocusing our strategy to ensure we recruit as many talented new teachers as possible over the coming years.

Training and developing teachers

88% of the 2017 teacher cohort completed their first year and have now started the second year of their teaching career. 90% of the 2017 cohort who commenced employment in a school will gain Qualified Teacher Status once extensions have been completed. This was slightly below our target of 91%.

The trainee teachers who successfully complete the Leadership Development Programme that began in July 2017 will go on to earn a Postgraduate Diploma in Education (PGDE). This qualification – an integrated two-year qualification in teaching and leadership – was informed by UK and global research and is supported by

feedback from our stakeholders in schools and current teachers. It allows our trainees to gain the practical skills needed to become effective in the classroom from day one. They are supported over both years by a school mentor, university tutor and a Teach First employee with experience in teacher education. The PGDE is usually worth twice the number of credits towards a Master's degree as a PGCE and can allow our alumni to complete their Master's in just one further year.

We also provide training for in-school mentors. This is in response to research findings which demonstrated how important the mentor role is for teacher retention.

Ambassador impact: supporting our alumni to work toward our vision

Developing our ambassadors' network and skills is central to our work to maximise our impact on the lives of children from low income communities. Our teachers who completed their training in 2018 bring the total number of Teach First ambassadors to 8,276. We enhanced our School Leadership Programme this year, which supports them to progress into positions of seniority within schools where they can have wider impact on delivering our vision. We also offer guidance to those committed to the vision who are seeking to enter or progress their career in the charity and social enterprise sector, or the policy and research sector. Almost 5,000 ambassadors accessed these services this year.

Having Teach First ambassadors at each level of leadership in schools in low-income communities will, we believe, accelerate our impact on educational inequality. There are now over 1,900 ambassadors in middle and senior leadership roles in schools, exceeding our overall target. The number of ambassador headteachers also grew to 44.

Access: improving the post-school opportunities of young people

We supported 576 sixth form students from low-income backgrounds to complete our Futures programme, 403 of whom attended university in 2018. There are 867 pupils in the current cohort. Using UCAS benchmarked data, we found that Futures pupils are more likely to apply and receive offers from university than similar pupils who do not take part in the Futures programme. 47% of those attending university achieved a place at one of the most selective universities in the UK. This exceeded our target of 40% and remained in line with the previous year's result which was also 47%.

Our post-school success toolkit, which includes free resources for teachers to use in the classroom, was downloaded over 5,500 times from our website. We've also delivered training to 731 of our trainee teachers, to help them support their pupils.

Our Careers and Employability Leadership Programme, which develops middle leaders to be able to deliver a careers strategy for their school, grew from 43 participating schools in 3 of our regions in 2017 to 116 schools across all of our regions in 2018.

Collective action: working in partnership

We further supported schools by connecting them to a range of quality-assured services. This included setting up 20 partnerships with organisations who can support schools in vital areas, including pupil attainment, socio-cognitive skills, mental health and progression.

We worked with almost 170 social entrepreneurs at early stages in their development to build their ideas. We chose four social entrepreneurs to support (out of 73 applicants) to scale up to help end educational inequality in the UK. We also provided intensive, tailored support to 12 Innovation Partners to deepen their impact and expand their programmes to reach 435,466 pupils in over 1,300 schools.

TEACH FIRST STORIES

Eleanor March

Completing her NQT year as History teacher at Dixons Allerton Academy in Bradford

"My school in Bradford has a vast majority of British Pakistani students. It's really interesting with teaching history, because my background or history is not necessarily the history of the people that I teach. It's forced me as a history teacher to completely broaden my horizon.

I've come to love that all the kids are just so wildly unpredictable. At first it completely freaks you out but it would get boring. The fact that you don't know what they're going to do on a day-to-day basis is what makes it so exciting I think.

You're still doing all the university stuff, writing essays, but you're engaging with people who really know their stuff. The support is fantastic. My [Teach First] trainer has been wonderful. Everything together, the variety and being thrown in at the deep end, it is like being hit by a brick wall, but you know if you make the most of it, it's great."

**"THE SUPPORT IS
FANTASTIC. MY
[TEACH FIRST]
TRAINER HAS BEEN
WONDERFUL."**

Ben Latham

Started with Teach First in 2015. Now Head of English at Malet Lambert secondary school in Hull

"My degree was in International Law. I did my solicitor's qualification on top of that, then went into practise for two years. My firm founded a children's charity and I ended up spending time in schools. That's when I had a reality check and thought 'I need to be working in schools'. When you take that initial plunge it's terrifying. But then you see the change you're making. Don't get me wrong, I've never worked as hard in my life. But there's nothing that compares.

Teach First makes you realise you are already equipped with skills, then their process is about adapting those to the classroom rather than the office.

I've always wanted to work my way up. Teach First gave me a really clear foundation to do that. Because I've had another career, it does give you the edge, especially from a leadership point of view. After my two years training I changed schools, and in my first year at the new school I became Head of Department.

There's no impact greater than working with young people who are going to shape the world as it's going to be."

**"I HAD A REALITY
CHECK AND
THOUGHT 'I NEED
TO BE WORKING IN
SCHOOLS'."**

FINANCIAL REVIEW

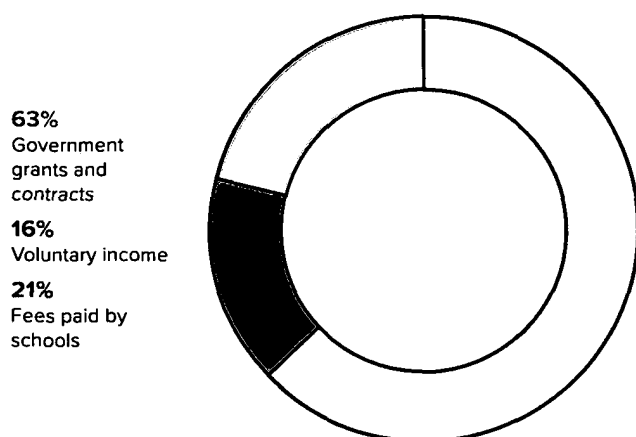
Our finances

We end 2017/18 in an overall healthy financial position, following a year in which we continued our core activities (recruiting, training and supporting teachers), while also investing for the future (technology platforms and recruitment activity). There were challenges in meeting our income target in the year. These challenges resulted in deficit of £4.5m for the year of which £1.0m were targeted investments in improving our systems and processes with a further £1.0m of investment aimed at improving our efficiency and putting us in stronger position for the 2019 recruitment season. The remainder of the deficit resulted principally from shortfalls in voluntary income and lower recruitment numbers than planned.

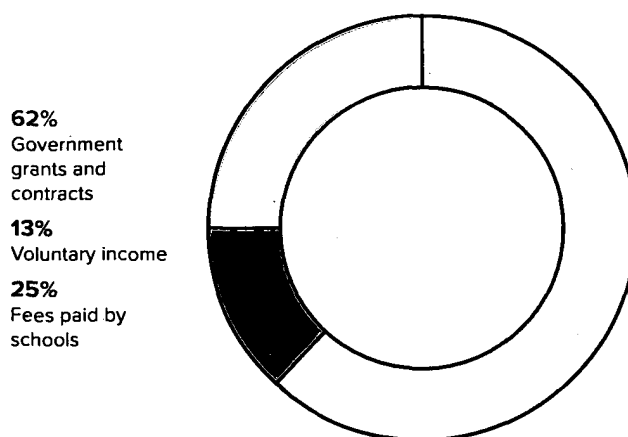
Income

Our total income, at £52.7m, was 14% lower than last year's £61.0m. This is due to the fall in overall participant numbers, which reduced our income from government and schools, and lower voluntary income. The chart below shows how our total income was split.

WHERE OUR INCOME CAME FROM 2016-17



WHERE OUR INCOME CAME FROM 2017-18



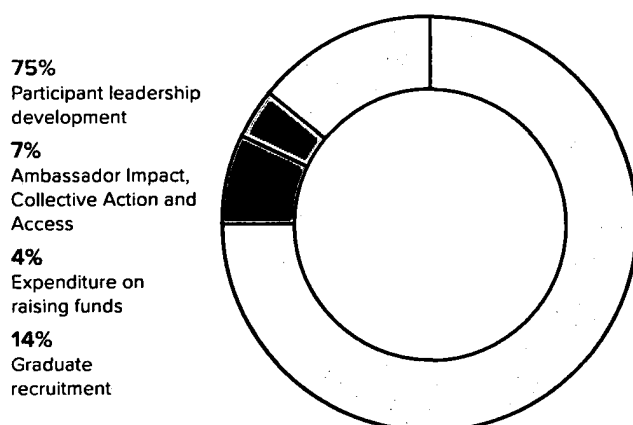
Voluntary income - which supports our core work across the Leadership Development Programme (LDP), Ambassador Impact, Collective Action and Access areas of work - reduced from £9.1m to £6.6m in 2017/18. Unlike previous years, we chose not to actively fundraise for our core leadership development programme in 2017/18 following changes made to our contract with the Government for teacher training. Fundraising highlights included over 3,000 people taking part in our annual Run the River event along the banks of the Thames, raising over £210k towards our work. We also hosted our annual fundraising Gala Dinner with businesses, philanthropists, ambassadors and representatives from our school communities at an inspiring evening at Kensington Palace, raising £129k. For 2018/19, with our new strategy confirmed we will reinvigorate our voluntary income programme, particularly with respect to our core activity of training teachers.

Teach First Trading Limited contributed a surplus of £0.5m voluntary income from the licensing of the Teach First brand.

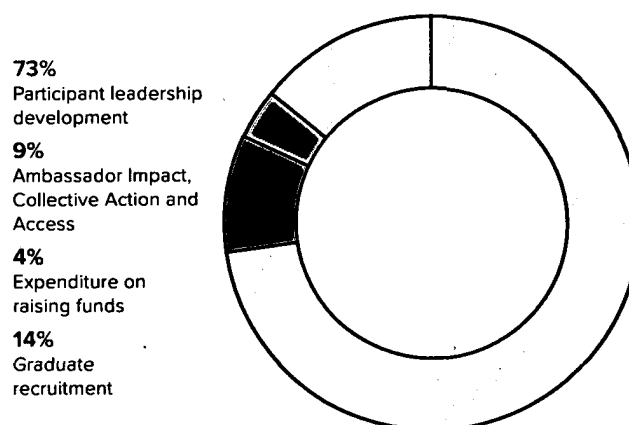
Expenditure

Total expenditure for 2017/18 reduced by 1% to £57.3m from £57.9m last year. Of this total, we spent £54.8m (96%) on charitable activities, compared to £55.5m (96%) in 2016/17. On 31 August we provided £0.1m for the costs of redundancy for staff whose roles will become redundant in 2018/19 who had been served notice prior to the end of the financial year. In November 2018 we concluded a staff consultation that will see valued colleagues leave us in the 2018/19 financial year, as we reorganise to align operations to our new strategy.

HOW WE SPENT OUR MONEY IN 2016-17



HOW WE SPENT OUR MONEY IN 2017-18



The chart above shows how our total expenditure was split by activity. Efficiencies and changes in our contractual arrangements and LDP design, as well as a reduced total number of participants on the LDP, led to lower direct staff and university costs. In 2017/18, we spent £41.6m on the LDP, compared to £43.4m last year.

Our graduate recruitment expenditure of £7.9m was in line with 2016/17. In a competitive recruitment environment, it's important to innovate to ensure that teaching remains an attractive option for both new graduates and career changers. This is why we invested in tools that make it easier to attract and retain candidates, through digital and visual materials.

Our expenditure on Ambassador Impact, Collective Action and Access work increased by 22% to £5.4m, reflecting the growth in our Leading Together and Careers Leaders programmes.

The £2.5m we spent on raising funds is a 3% increase compared to 2016/17. Due to our reduction in voluntary income in 2017/18, our income to expenditure ratio for our fundraising work also reduced, to £3 raised for every £1 spent. We've taken steps to improve this ratio for 2018/19.

Staff costs were 51% (2016/17: 43%) of our total expenditure, increasing from £24.8m last year to £29.2m in 2017/18, while average headcount (on a full time equivalent basis) for the year increased from 543 in 2016/17 to 597. This growth in employee numbers reflects changes to the design of our new LDP, through which our staff now have more contact hours with participants for support, supervision and training to improve impact in the classroom. This work is now delivered increasingly in-house by our own employees, compared to previous years where it was sub-contracted to our University partners. This trend will continue in 2018/19 with all our trainees supported through this model.

Reserves policy

Our unrestricted free reserves are our general unrestricted funds excluding fixed assets.

We hold these funds to:

- provide a safeguard against the risk of downturn in support of our activities (which could lead to expenditure exceeding income)
- provide working capital to finance our day-to-day operations
- provide a safeguard against failure to deliver contractual obligations we have entered into
- protect our solvency in the event of any curtailment of our income-generating activities

Given our commitments, we review our reserves policy on an annual basis. We carry out a risk-based assessment of factors likely to reduce our income or increase our expenditure to ensure our unrestricted free reserves are appropriate. In our judgement two to three months of operating expenditure are a sufficient reserve to cover these risks. Based on forecast expenditure for 2018/19 Trustees have approved a range for unrestricted free reserves of between £8m and £13m. At 31 August 2018, our total reserves were £16.2m, of which £0.7m were restricted and £15.5m unrestricted. Unrestricted free reserves were £10.5m as detailed in note 15 to the financial statements. We did not have any investments in financial instruments during the financial year, including those with a social investment focus.

Going concern

We recognise the importance of maintaining a healthy cash balance and an appropriate level of unrestricted free reserves to meet our commitments. Our forecast cash-flow shows we have adequate free cash to meet our obligations as they fall due. In confirming our going concern status, we have reviewed our contracted income from provision of initial teacher training, which is contracted until the 2020/21 financial year. We've also reviewed expenditure plans and are content that these can be met from existing resources and expected future income.

Our financial planning considers the current economic climate; we believe we have adequate resources to fund the activities of the charity for the foreseeable future. The trustees believe the charity is a going concern, so we've prepared our accounts and financial statements on that basis.

OUR RISKS AND UNCERTAINTIES

Effective risk management is critical to ensuring our success in meeting our vision and achieving our goals. All employees should be able to identify and manage key risks within their areas and communicate and escalate these, as appropriate. This ensures that responsibility for risks is distributed across, and embedded in the operations of, the charity.

We manage risks in line with our risk management policy. All identified key organisational risks are collated on a risk register which sets out the risks; assesses their likelihood and impact; tracks the internal controls in place and actions taken to reduce, eliminate or mitigate against each risk; and sets future mitigating actions which would further reduce the likelihood and impact of the risk materialising.

The Executive Committee has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability for ensuring that effective risk management arrangements are in place and is supported in this role by its Finance Committee, which also reviews risks escalated from the executive on a quarterly basis.

The principal risks which we will manage during the upcoming year are:

- **Income and fundraising: failure to secure sufficient government funding and voluntary income to fund our activities.**
Mitigations: continue to work closely with government partners to ensure that our services meet their needs. We are reintroducing fundraising for the Leadership Development Programme to increase the attractiveness of our proposition to funders. It is possible that the UK's exit from the European Union will impact on this risk and we will continue to monitor the impact of Brexit on the charity and adjust our plans accordingly in the event of a "no deal" Brexit in 2019.
- **Recruitment of our participant cohort for 2019: failure to meet participant recruitment target.**
Mitigations: the implementation of a series of targeted interventions, including moving to a development centre approach considering behaviours not competencies, increased digital marketing expenditure, fast track route for Teaching Assistants and school support staff, increasing the proportion of candidates offered their first choice of location, simpler application form and streamlined handover between recruitment and delivery teams.
- **Child safeguarding: risk of a child safeguarding incident occurring.**
Mitigations: all participants (trainee teachers) receive DBS checks and are required to comply with their schools' safeguarding policies and procedures. An executive-level Child Safeguarding Committee, chaired by the Child Safeguarding Officer, has been established. All employees receive online training on child safeguarding; in depth training of key Teach First employees has taken place and will be refreshed during 2018/19.

OUR GOVERNANCE AND MANAGEMENT

Teach First is a charitable company limited by guarantee and not having share capital. We operate in England and Wales (company number 04478840 and charity number 1098294).

We are governed by our Memorandum of Association and Articles of Association, which were last amended in April 2012. Our Memorandum of Association sets out our charitable purpose, which is to advance the education of the public.

New trustees are appointed by the Board of Trustees and appointments are for a term of three years. Trustees may be reappointed by the Board to serve for a maximum of two further three-year terms (nine years in total). During the reporting year the Board appointed three new trustees, with two trustees retiring. The Board reappointed three trustees. At the end of the reporting year, there were 14 trustees. A further trustee was appointed following the end of the reporting year. The balance and diversity of trustees is kept under review by the Board. Emphasis is placed on ensuring that our trustees provide the specific mix of skills and experience that have been identified as important to our objectives and activities, as well as the charity's ongoing development. Four of the current trustees are Teach First ambassadors - having completed our Leadership Development Programme (LDP) – the presence of ambassador trustees ensures the voice of a key stakeholder group at Board level. All new trustees receive a full induction programme to ensure they understand the organisation, their role and their responsibilities. New and existing trustees are also offered development opportunities to help them meet these responsibilities.

The Board of Trustees meets regularly to govern the charity. This year it held four meetings, one of which was extended for a focus on strategy. The Board has a written schedule of matters reserved for decision by the Board. Matters not reserved for decision by the Board are delegated to one of the Board committees or to the Chief Executive Officer (CEO). The schedule of matters reserved was unchanged during the year.

At its meetings in 2017-18 the Board reviewed organisational performance and impact and risk throughout the year. At a strategic level the Board considered and approved the new strategy set out on [pages 7 to 9](#) of this report. It approved investment in the strategic areas of graduate recruitment and in digital and customer experience transformation. It approved business cases for investment of resources in new areas of programmatic work, such as Time to Teach and Reconnect with Teaching. It monitored risk, finance and audit issues as escalated by the Finance Committee and assured itself of Teach First's approach to ensuring child safeguarding procedures were robust and that employee culture supported these procedures.

Finance Committee

The Finance Committee assists the Board of Trustees with: financial review; review of internal financial controls; risk management policy and processes; monitoring the effectiveness of the external audit function and making recommendations to the Board on the appointment of the external auditor; and employee salary and benefits management, including the CEO's remuneration.

During 2017/18 the Finance Committee continued to assist the Board and held five meetings considering *inter alia* the Charity's budget (including business cases for strategic investment) and made recommendations to the Board in this regard; monitored progress in respect of value for money and financial plans for the future; reviewed and approved the acceptance & refusal of donations policy; regularly reviewed the organisational risk register and reviewed and recommended the risk management policy to the Board; considered and then recommended the appointment of the external auditor; reviewed audit findings and met with the external auditor; reported to the Board on matters of significance arising from the annual audit; reviewed the Trustees' Annual Report and Accounts and recommended these to the Board for approval.

Nominations Committee

The Nominations Committee assists the Board of Trustees with succession planning.

The Nominations Committee recommends to the Board suitable candidates for Board appointments, including the Chair. Where appropriate it also recommends the reappointment of trustees. This year the Nominations Committee recommended the appointment of three new trustees and reappointment of three trustees.

Organisational structure

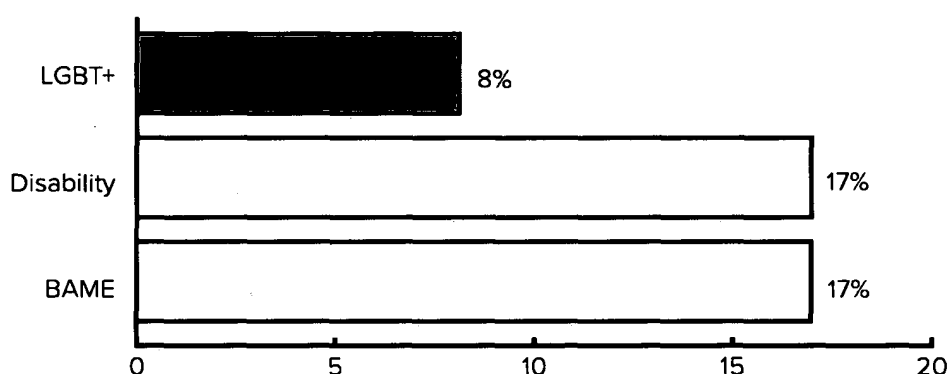
The Board of Trustees delegates the day-to-day management of Teach First to the CEO and the Executive Team. The CEO and Executive Team meet regularly to manage activities undertaken by Teach First.

For the full reporting year, the organisation was structured under five areas of executive responsibility, Participant Impact and Delivery; Access, Ambassadors and Community Impact; External Affairs; Human Resources; and Finance. A reorganisation was implemented in September taking on-board advice from McKinsey (provided pro-bono) which simplified the organisational structure into functional areas and removed matrix management structures. The names of the members of the Executive Committee can be found under the 'Administrative details' section ([on page 22](#)).

Equality, diversity and inclusion

We recognise the diversity within the pupil population that our participants teach and aim to ensure we recruit a diverse cohort each year. Based on self-reporting, the diversity of our trainees who started teaching in September 2018 included: 17% (up 2%) people from black, Asian or minority ethnic backgrounds (BAME); 8% (down 1%) lesbian, gay, bisexual or transgender individuals (LGBT); and 17% (up 1%) people with a disability.

DIVERSITY OF OUR 2018 TEACHER COHORT

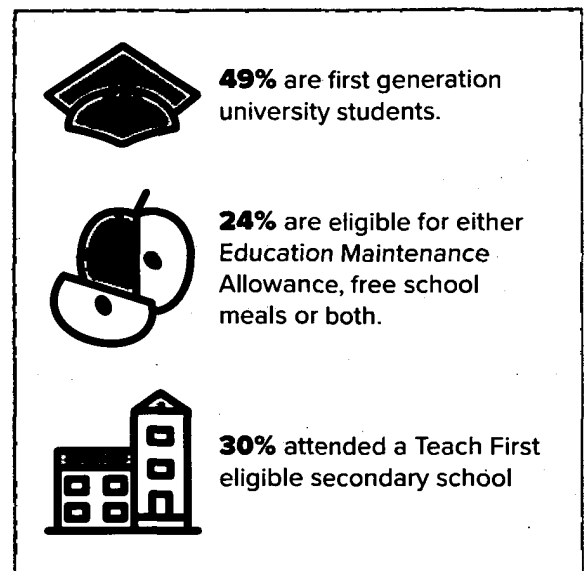


Having a diverse workforce where our staff represent the communities we serve is fundamental to the way we work. The mean gender pay gap is the difference in average female earnings compared to average male earnings. At April 2018 our mean pay gap was 12% in favour of men. This was an increase from that reported in 2017.

We continue to look for ways to improve our current practices in relation to equality, diversity and inclusion and a cross-section of employees, sponsored by the Executive Director for Strategy, Research and Performance, meet regularly to agree and implement a plan of action. Our key areas of focus are to improve gender balance, increase socio-economic diversity, and increase black, African and minority ethnic (BAME) representation at all levels of the organisation. Future targeted initiatives include a pilot of 'blind' recruiting practices, manager diversity training with our most recent recruitment of Participant Development Leads as well as the introduction of an apprenticeship scheme targeted at widening access to entry level roles.

As a charity working with schools in low income communities, we are also mindful of the importance of the educational diversity of our participants. Based on self-reporting the educational diversity of participants who started teaching in September 2018 included: 49% (up 9%) who were the first in their families to go to university; 24% (up 2%) who were eligible for Educational Maintenance Allowance and/or Free School Meals, and 30% (up 5%) who attended a Teach First eligible secondary school.

We held a session at our 2018 Summer Institute led by the organisation's LGBT+ network. This enabled participants to speak with senior leaders within the organisation, and ambassadors and other programme participants, about their experiences when identifying as LGBT+. This was well received and there is opportunity to continue to build on and learn from this engagement.



Having a diverse workforce where our staff represent the communities we serve is fundamental to the way we work. The mean gender pay gap is the difference in average female earnings compared to average male earnings. At April 2018 our mean pay gap was 12% in favour of men. This was an increase from that reported in 2017.

Some of the actions we have put in place to ensure equality and diversity in the workplace include:

- A rigorous assessment and capability-based approach to selection for all appointments, with selection being based solely on merit.
- A performance management approach that rewards contribution and is rigorously calibrated
- A simple, fair and transparent pay framework. Pay is determined with reference to an objective and non-discriminatory job evaluation system. In addition, Teach First salaries are informed by independent market testing of roles.
- Strong support for those on maternity leave to facilitate their return to work.
- A wide range of flexible working options that enable our employees to effectively manage their work / life balance. These are available to all employees, regardless of gender or personal circumstances.
- Mandatory diversity training for all employees.
- The right to shared parental leave was extended to both sexes on equal terms during 2018.

We continue to look for ways to improve our current practices in relation to equality, diversity and inclusion and a cross-section of employees, sponsored by the Executive Director for Network Development, meet regularly to agree and implement a plan of action. Our key areas of focus are to improve gender balance, increase socio-economic diversity, and increase black, African and minority ethnic (BAME) representation at all levels of the organisation. Future targeted initiatives include a pilot of 'blind' recruiting practices, manager diversity training with our most recent recruitment of Participant Development Leads as well as the introduction of an apprenticeship scheme targeted at widening access to entry level roles.

Employees' involvement and engagement

We believe employees should be engaged with and their feedback should influence how Teach First is managed. Employees attend regular strategy and team days, including an offsite event, where we discuss organisational developments and generate ideas about new ways of working. We also keep employees updated through all-staff broadcasts (in person and online), via an employee intranet site and through regular e-newsletters.

Employee engagement with our charitable mission is very important to us. We enable employees to take time to visit schools, mentor sixth form pupils on our Futures programme, fundraise for us or undertake other activities to keep them engaged with our charitable activities.

Remuneration

The Board of Trustees is responsible for the CEO's remuneration and our employee salary and benefits management framework. These are reviewed by the Finance Committee regularly and are recommended by the Committee to the Board for approval. Each year the Finance Committee is responsible for reviewing our performance reward strategy for employees and recommending it for Board endorsement.

Teach First subsidiaries

Teach First has two subsidiary companies: Teach First Initial Teacher Development; and Teach First Trading Limited.

Teach First Initial Teacher Development was established to manage a now fulfilled contract awarded by the Department for Education. This contract ended on 31 July 2017. A new contract was awarded by the National College for Teaching and Leadership to Teach First (Teach First Initial Teacher Development's parent) for the provision of initial teacher training in England in the years 2017-19. Therefore, with the end of the only income-generating activity of Teach First Initial Teacher Development, it will become dormant in the near future.

Teach First Trading Limited continues to raise funds to support the delivery of Teach First's charitable purposes. Details of the financial performance of Teach First's subsidiaries are included in note 2 to the financial statements.

Public benefit

All our activities are undertaken to further our charitable purpose, which is to advance the education of the public. More specifically, the charity is working towards a day when no child's educational success is limited by their socio-economic background. In working towards this vision, we also envisage having a positive impact on wider society.

The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in our Trustees' Report (on [pages 6 to 23](#)).

Compliance information

Modern Slavery Transparency Statement

We are required to publish an annual statement on the steps we have taken to ensure that modern slavery is not present in the charity's supply chains or operations. We are committed to upholding the letter and spirit of the Modern Slavery Act; and our Modern Slavery Transparency Statement for 2017/18 is published on our website. This sets out what steps we have taken to prevent modern slavery from occurring within the charity and our supply chains, along with future plans in this area.

Fundraising

The Charity Act 2011 (as amended) now requires all charities subject to audit to provide information on their fundraising practices within the trustees' annual report. This is to help protect the public from intrusive practices.

The majority of our income comes from statutory contracts for the provision of initial teacher training. However, voluntary funding is crucial to enable us to deliver our vision and mission. We therefore undertake a range of fundraising activities in support of our charitable aims. Our approach to fundraising includes:

- partnerships with corporate supporters
- securing grants from trusts and foundations
- donations from individuals (mainly from philanthropists but also, on a smaller scale, the wider public)
- entry fees and sponsorship raised by individuals for challenge events, e.g. Run the River
- sponsorship related to other events, e.g. sponsorship of the venue for our 2017 Teacher Development Conference.

Most of our fundraising activity is managed in-house. During the year we did use the services of some specialist providers, to support us in certain areas. This included a specialist research agency, to support our efforts to seek donations from philanthropists; use of advertising agencies to publicise our fundraising events; and events management companies to provide logistical support in organising larger events. All of this is undertaken under the supervision of our in-house fundraising team.

We did not engage the services of any professional fundraising agencies to undertake direct response fundraising solicitation or cultivation either by phone or face-to-face, during the year.

We are committed to observing the highest possible standards in fundraising. We are required to comply with all relevant law and regulations. We have a number of fundraising professionals in-house and have developed a Fundraising Handbook for all fundraising staff. We are registered with the Fundraising Regulator and thereby committed to the Fundraising Promise. As part of this registration, along with our membership of the Institute of Fundraising, we are committed to compliance with the requirements of the Code of Fundraising Practice. Our commitment to the Fundraising Regulator's Fundraising Promise is published on our website, which also includes information on how to make a complaint related to our fundraising practices.

Trustees' statement of responsibilities

The trustees (who are also directors of Teach First for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group 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 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 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.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487 (2) of the Companies Act 2006 unless the company receives notice under Section 488 (1) of the Companies Act 2006.

Liability of members of the Board of Trustees

Teach First is limited by guarantee and has no share capital. The trustees are members of the company and every member is liable to contribute a sum not exceeding £1 in the event of the company being wound up while he or she is a member or up to one year thereafter. At 31 August 2018 there were 14 members.

Declaration

This Trustees' Annual Report on pages 6 to 23, including the Strategic Report on pages 10 to 23, is presented and approved by the Board of Trustees and signed on its behalf.

Signed



Paul Drechsler CBE
Chair of the Board of Trustees

Date: 6 February 2019

ADMINISTRATIVE DETAILS

Teach First

Registered name: Teach First

Charity number: 1098294

Company number: 04478840

Principal and registered office: 6 Mitre Passage, Greenwich Peninsula, London, SE10 0ER

Website: www.teachfirst.org.uk

Patron

His Royal Highness The Prince of Wales KG KT GCB AK QSO ADC

Vice Patron

Dame Julia Cleverdon DCVO CBE

Founder and Honorary President

Brett Wigdortz OBE

Board of Trustees

Paul Drechsler CBE (Chair)

Jason Arthur (from 9 April 2018)

James Bilefield

Caroline Carr (from 1 October 2018)

Alison Duncan

Glenn Earle (Senior Independent Director)

Alison Eynon

Lorna Gratton

Lord Jonathan Hill

Julianne Ilebode-Akisanya (from 9 April 2018)

Dame Mary Marsh

Lou McCrimlisk (until 30 November 2017)

Mary Meaney (until 30 November 2017)

Richard Meddings

Tulsi Naidu (from 8 February 2018)

Dame Alison Peacock

Robert Swannell

Company Secretary

Gillian Budd

Finance Committee

Alison Duncan (Chair)

Glenn Earle

Richard Meddings

Dame Alison Peacock

Nominations Committee

Paul Drechsler CBE (Chair)

Glenn Earle

Lorna Gratton

Richard Meddings

Executive Committee

Russell Hobby, Chief Executive Officer (from 18 September 2017)
Shelley Gonsalves, Executive Director for Programme Delivery (from 7 August 2018)
Daria Kuznetsova, Executive Director for Strategy and Research (from 1 September 2018)
Flora Letanka, Executive Director for Network Development (from 1 September 2018)
Reuben Moore, Executive Director for Programme Development (from 1 September 2018)
Andrew Oliva-Hauxwell (from 7 August 2018)
James Westhead, Executive Director for External Relations
Darren Xiberras, Chief Finance Officer
Sam Freedman, Executive Director – Participant Impact and Delivery (until 15 June 2018)
Nndi Okezie, Executive Director – Access, Ambassadors and Community Impact (until 25 September 2018)
Isabelle Perrett, Executive Director – Human Resources (until 28 February 2018)
Brett Wigdortz OBE, Founder and Chief Executive Officer (until 17 September 2017)

All members of the Executive Committee are deemed key management personnel.

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Solicitors

Clifford Chance
10 Upper Bank Street
London E14 5JJ

Ashurst
Broadwalk House
5 Appold Street
London EC2A 2HA

External Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEACH FIRST

Opinion

We have audited the financial statements of Teach First (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2018 and of the group's and the parent charitable company's incoming resources and application of resources including, the group's and the parent income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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.

Who we are reporting to

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 6 to 23 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Annual Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Annual Report.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group and the parent charitable company'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 group or parent charitable company 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.

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

Grant Thornton UK LLP

Jennifer Brown

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

**Statutory Auditor, Chartered Accountants,
London**

7 FEBRUARY 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an income and expenditure account).

For the year ended 31 August 2018.

	Note	Unrestricted funds	Restricted funds	Total 2018	Total 2017
		£'000	£'000	£'000	£'000
Income:					
Charitable activities	<u>2</u>	40,446	-	40,446	44,116
Donations	<u>2</u>	8,959	2,977	11,936	16,781
Investments		112	-	112	70
Income from other trading activities		224	-	224	44
Total income		49,741	2,977	52,718	61,011
Expenditure:					
Cost of raising funds	<u>3</u>	2,453	-	2,453	2,377
Expenditure on charitable activities	<u>3</u>	51,432	3,382	54,814	55,495
Total expenditure	<u>3</u>	53,885	3,382	57,267	57,872
Net income (expenditure) for the year	<u>5</u>	(4,144)	(405)	(4,549)	3,139
Reconciliation of funds:					
Total funds brought forward at 1 September 2017		19,637	1,085	20,722	17,583
Total funds carried forward at 31 August 2018		15,493	680	16,173	20,722

All income and expenditure derives from continuing activities.

The Statement of Financial Activities include all gains and losses recognised in the year.

The notes on pages 30 to 47 form an integral part of these financial statements.

A Statement of Financial Activities for the Charity is set out in note 20.

CONSOLIDATED AND CHARITY BALANCE SHEETS

As at 31 August 2018.

	Note	Group Consolidated 2018	Charity 2018	Group Consolidated 2017	Charity 2017
		£'000	£'000	£'000	£'000
Fixed assets:					
Tangible assets	<u>9</u>	2,993	2,993	3,377	3,377
Investments in trading subsidiaries	<u>10</u>	-	-	-	-
Total fixed assets		2,993	2,993	3,377	3,377
Current assets:					
Debtors	<u>11</u>	18,228	18,008	24,112	24,808
Cash at bank and in hand		23,222	22,923	25,486	21,386
Total current assets		41,450	40,931	49,598	46,194
Creditors: amounts falling due within one year	<u>12</u>	(27,243)	(27,230)	(31,169)	(27,765)
Net current assets		14,207	13,701	18,429	18,429
Total assets less current liabilities		17,200	16,694	21,806	21,806
Provisions for liabilities	<u>13</u>	(1,027)	(1,027)	(1,084)	(1,084)
Net assets		16,173	15,667	20,722	20,722
Funds					
Restricted funds	<u>14</u>	680	680	1,085	1,085
Unrestricted funds	<u>14</u>	15,493	14,987	19,637	19,637
Total		16,173	15,667	20,722	20,722

The notes on pages 30 to 47 form an integral part of these financial statements.

The financial statements on pages 27 to 47 were approved and authorised for issue by the Board of Trustees on 6 February 2019 and were signed on its behalf by:



Paul Drechsler CBE
Chair of the Board
Company Registration Number 04478840

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 August 2018.

	Note	2018	2017
		£'000	£'000
Cash flows from operating activities:			
Net cash (used on) / provided by operating activities		(2,115)	5,376
Cash flows from investing activities:			
Interest from investments		112	70
Purchase of property, plant and equipment	<u>9</u>	(261)	(283)
Net cash used in investing activities		(149)	(213)
Net movement in funds			
Change in cash and cash equivalents in the reporting period		(2,264)	5,163
Cash and cash equivalents at beginning of the year		25,486	20,323
Cash and cash equivalents at end of the year		23,222	25,486

Reconciliation of net incoming resources to net cash inflow from operating activities:

	Note	2018	2017
		£'000	£'000
Net income for the year		(4,549)	3,139
Adjustments for:			
Deposit interest and investment income receivable		(112)	(70)
Depreciation and amortisation charges	<u>9</u>	617	584
Decrease / (increase) in debtors	<u>11</u>	5,884	(1,540)
(Decrease) / increase in creditors	<u>12</u>	(3,926)	2,780
(Decrease) / Increase in provisions	<u>13</u>	(57)	482
Loss on disposal of tangible assets		28	1
Net cash (used on) / provided by operating activities		(2,115)	5,376

	2018	2017
	£'000	£'000
Cash at bank and in hand	23,222	25,486
Total cash and cash equivalents	23,222	25,486

The notes on [pages 30 to 47](#) form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006. Teach First meets the definition of a public benefit entity under FRS 102. The Financial Statements are presented in Sterling (£) which is the functional currency of the group and entity. Teach First, and its subsidiaries are incorporated in England and Wales.

b) Going Concern

The trustees have a reasonable expectation that Teach First has adequate resources to continue in operational existence for the foreseeable future. The Board consider Teach First's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing this report. Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

c) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiaries Teach First Trading Limited and Teach First Initial Teacher Development on a line by line basis.

A separate statement of financial activities and income and expenditure accounts are not presented for the charity itself in accordance with the applicable exemptions afforded by section 408 of the Companies Act 2006. All group entities have uniform accounting policies.

d) Income

Income is recognised when the charity has entitlement to the funds; any performance conditions attached to the term(s) of income have been met; it is probable that the income will be received and the amount can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably.

All grants to which Teach First was entitled at 31 August 2018 have been recognised as income in the accounts, except where the terms of the grant require that the funds granted are spent after 31 August 2018, where there are conditions attached to the grants which we are uncertain will be met or where the charity is yet to meet performance related conditions attached to the grant.

e) Donated goods, facilities and services

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Fund accounting

Restricted funds are those funds received with specific conditions attached are restricted for use in those activities only. All other funds received are considered unrestricted funds and are available to spend on activities that further any purposes of the Charity. Designated Funds are unrestricted funds set aside by the trustees for use on specific future projects.

g) Expenditure

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of resources.

Support costs include the management and administration of Teach First and include staffing and the associated costs of supporting, monitoring and evaluating the work of the charity and irrecoverable VAT. These costs have been split between costs of generating funds and charitable activity. The bases on which support costs have been allocated are set out in note 4. Contributions in respect of the charity's defined contribution pension scheme are charged to the income and expenditure account in the year in which they are payable to the scheme.

Direct costs on costs of raising funds and charitable activity, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of the charity.

h) Operating Leases

The charity classifies the lease of office space and photocopying equipment as operating leases. The title to the assets remains with the lessor and the items are held for significantly less than the useful life of the asset. Payments under operating leases are charged to the income and expenditure account on a straight-line basis.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the time of transaction.

j) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental costs of acquisition. Individual assets are capitalised only when their cost of acquisition is over £500.

Tangible fixed assets are depreciated based on original cost or valuation, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned.

Depreciation is charged from the month of purchase, and none in the year of disposal. The annual rates used for this purpose are:

- Computer equipment - 33.3%
- Equipment, fixtures and fittings - 20%
- Leasehold improvement - depreciated over the term of the lease

k) Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

m) Debtors

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

n) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of less than 12 months from the balance sheet date.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation as a result of a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably.

p) Volunteers

Approximately 1,300 volunteers give their time freely to nurture and develop the young people and teachers we work with. The value of this is not recognised in the accounts.

q) Significant judgements and estimates

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

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It is in the opinion of the Trustees that there are no 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. The Trustees note that the dilapidations provision (see note 13) is a material estimate and includes judgement around the monetary rate for dilapidations, the inflation rate applied and the discount factor used in the net present value calculation.

2. Incoming resources

	Unrestricted	Restricted	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Charitable activities				
Fees paid by schools	13,029	-	13,029	12,977
Initial Teacher Training	27,417	-	27,417	31,139
Total charitable activities	40,446	-	40,446	44,116
Donations				
Government grants	4,846	-	4,846	7,245
Voluntary income from Corporates, Trusts and Foundations and Individuals	3,584	2,973	6,557	9,119
Donations in kind	529	4	533	417
Total donations	8,959	2,977	11,936	16,781

Further information is provided on the generous support of gifts and services donated in kind:

	2018 Total	2017 Total
	£'000	£'000
Premises, venue and event services	82	1
Training and professional services	400	235
IT services	51	51
Marketing	-	130
Total	533	417

Voluntary income from Corporates, Trusts and Foundations and individuals includes donations and income from supporters who license the Teach First brand. This non-primary purpose trading is recognised through the wholly-owned trading subsidiary Teach First Trading Limited (company number: 08159283), which distributes the entirety of its profits to the charity by gift aid. The charity owns the entire share capital of the company of 1 share at £1.

A summary of the trading results of Teach First Trading Limited is shown below:

	2018	2017
	£'000	£'000
Turnover	601	699
Cost of sales and administration costs	(96)	(109)
Net profit	505	590
Tax on profit	-	87
Profit for the financial year	505	677
The assets and liabilities of the subsidiary were:		
Current assets	609	1,010
Current liabilities	(609)	(1,010)
Retained in subsidiary	-	-

Teach First Initial Teacher Development (company number: 08331526) supported our teachers through their first year of teaching to achieve Newly Qualified Teacher status; in collaboration with schools and university partners, the work was funded by a contract awarded by the National College for Teaching and Leadership in place until 2016/17. This activity and related contract is now delivered by the parent company, Teach First.

A summary of trading results for Teach First Initial Teacher Development is shown below:

	2018	2017
	£'000	£'000
Income	1	18,254
Expenditure	(1)	(18,254)
Surplus for the year	-	-
Accumulated surplus brought forward	-	-
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	1	4,910
Current liabilities	(1)	(4,910)
Total net assets	-	-

3. Expenditure

	Support costs	Direct expenditure	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Expenditure on raising funds	676	1,777	2,453	2,377

	Support costs	Direct expenditure	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Expenditure on charitable activities				
Graduate recruitment	1,947	5,936	7,883	7,908
Participant leadership development	6,955	34,616	41,571	43,355
Ambassador Impact, Collective Action and Access	1,072	4,288	5,360	4,232
Expenditure on charitable activities	9,974	44,840	54,814	55,495

Total Expenditure	10,650	46,617	57,267	57,872
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Support costs include the costs of functions which support the charitable objectives of the charity including, communications, finance, human resources and technology. They have been allocated based on staff costs to each area of direct expenditure. Further detail on the make-up of these support costs is included in [note 4](#).

4. Support costs

Total support costs	Total 2018	Total 2017
	£'000	£'000
Expenditure on raising funds	676	725
Expenditure on charitable activities	9,974	9,760
Total	10,650	10,485

Analysis of support costs	Total 2018	Total 2017
	£'000	£'000
Salaries and staff costs	5,620	4,659
Premises cost and rent	1,992	2,072
Operations and office management	1,216	2,294
Information technology	1,047	788
Depreciation and amortisation	617	584
Governance costs	158	88
Total	10,650	10,485

5. Net income for the year

This is stated after charging:

	Total 2018	Total 2017
	£'000	£'000
Depreciation	617	584
Auditor remuneration payable: Fees payable to the company's auditor for the audit of the company's annual accounts relating to the current year	29	25
Fees payable to the company's auditor for other services: Audit of the accounts of subsidiaries Tax compliance services	7 7	13 3
Operating lease charges: rent and equipment	1,395	1,373

6. Analysis of staff costs and the cost of key management personnel

	Total 2018	Total 2017
	£'000	£'000
Wages and salaries	24,807	21,297
Employer's national insurance costs	2,456	2,100
Pensions and other staff costs	1,922	1,395
Total	29,185	24,792

Wages and salaries increased during 2017/18 reflecting changes to the design of our new LDP, through which our staff now have more contact hours with participants for support, supervision and training to improve impact in the classroom. This work is now delivered increasingly in-house by our own employees, compared to previous years where it was sub-contracted to our University partners. This trend will continue in 2018/19 with all our trainees supported through this model.

The cost of key management personnel, comprising the Executive Committee, was £713,761 (2017: £898,784). The members of the Executive Committee are listed on [page 23](#). Employer pension contributions paid in respect of these employees amounted to £40,897 (2017 restated: £40,259).

The total of termination payments made to all staff in 2017/18 were £260,419 (2017: £107,599). The nature of these payments were lump sum payments and have been recognised when the charity became legally obliged to make these payments. The increase reflects the charity-wide restructuring programme we embarked up in 2017/18 and the provision made for redundancy costs which were committed to at the balance sheet date.

Number of employees whose remuneration paid during the year was in the following salary bands:

Salary band	2018	2017
60,000 – 69,999	11	12
70,000 – 79,999	5	2
80,000 – 89,999	1	2
90,000 – 99,999	4	6
100,000 – 109,999	4	5
130,000 – 139,999	1	-
150,000 – 159,999	1	-
160,000 – 169,999	-	1

Pension contributions

Teach First contributes to defined contribution pension policies for its qualifying employees. Employer contributions payable for the year amounted to £1,068,363 (2017: £905,063), of which £169,348 (2017: £153,506) was outstanding at the balance sheet date.

7. Staff numbers

	2018	2017
The average number of employees on a Full Time Equivalent basis during the year were:	597	543
The average number of employees on a Headcount basis during the year were:	622	566

All employees are employed by Teach First.

Average headcount (on a full time equivalent basis) for the year increased from 543 in 2016/17 to 597. This growth in employee numbers reflects changes to the design of our new LDP, through which our staff now have more contact hours with participants for support, supervision and training to improve impact in the classroom. This work is now delivered increasingly in-house by our own employees, compared to previous years where it was sub-contracted to our University partners. This trend will continue in 2018/19 with all our trainees supported through this model.

8. Taxation

Teach First is a registered charity under the Charities Act 2011 and as such is exempt from tax on its income and gains to the extent that such income and gains are applied for charitable purposes. Teach First is parent to Teach First Trading Limited. The company made a profit of £505,000 which it will distribute under a deed of covenant to the parent.

9. Consolidated and Charity tangible fixed assets

	Leasehold improvements	Computer equipment	Equipment, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	3,152	708	467	4,327
Additions	31	215	15	261
Disposals	-	(49)	-	(49)
At 31 August 2018	3,183	874	482	4,539
Depreciation and amortisation				
At 1 September 2017	369	379	202	950
Charge for the year	325	222	70	617
Disposals	-	(21)	-	(21)
At 31 August 2018	694	580	272	1,546
Net book value				
At 31 August 2018	2,489	294	210	2,993
At 1 September 2017	2,783	329	265	3,377

10. Charity investment in trading subsidiaries

Cost and net book value	Subsidiary undertakings 2017 £
At 31 August 2018	1

Details of the subsidiary undertakings are set out below:

	Country of incorporation	% held	Activity
Teach First Trading Limited 1 Ordinary share of £1 each	England	100	Sponsorships
Teach First ITD Limited Limited by guarantee	England	100	Education (Training)

11. Debtors

	Consolidated 2018	Charity 2018	Consolidated 2017	Charity 2017
	£'000	£'000	£'000	£'000
Trade debtors	17,466	17,154	23,080	21,312
Other debtors	95	95	6	6
Accrued income	30	29	221	169
Prepayments	637	637	805	805
Intercompany debtors	-	93	-	2,516
Total	18,228	18,008	24,112	24,808

12. Creditors

	Consolidated 2018	Charity 2018	Consolidated 2017	Charity 2017
	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year				
Trade creditors	1,097	1,097	1,993	1,903
Other creditors	201	201	156	156
Funds held on behalf of third parties (see i)	109	109	430	430
Accruals	5,515	5,509	5,865	2,708
Taxation and social security costs	3,342	3,342	5,478	5,478
Deferred income (see ii)	15,712	15,705	16,095	15,938
Rent provision	1,267	1,267	1,152	1,152
Total	27,243	27,230	31,169	27,765

i. Funds held on behalf of third parties

	Brought forward	Paid in	Paid out	Carried forward
	£'000	£'000	£'000	£'000
Analysis of movements				
Master's programme	430	-	(321)	109
Total	430	-	(321)	109

Master's programme

Teach First received funds from schools for a two-year Master's programme in Educational Leadership then passed it on to university partners or refunded the schools accordingly in the year of enrolment. From 2016, new funds were not collected for Master's.

ii. Deferred income

Consolidated	Brought forward	Net invoiced	Recognised as income this year	Carried forward
	£'000	£'000	£'000	£'000
Analysis of movements				
School fees	12,489	12,531	(13,029)	11,991
Initial Teacher Training and Government Grants	3,518	27,267	(27,417)	3,368
Other income	88	6,822	(6,557)	353
Total	16,095	46,620	(47,003)	15,712

Charity	Brought forward	Net invoiced	Recognised as income this year	Carried forward
	£'000	£'000	£'000	£'000
Analysis of movements				
School fees	12,489	12,531	(13,029)	11,991
Initial Teacher Training and Government Grants	3,361	27,424	(27,417)	3,368
Other income	88	6,214	(5,956)	346
Total	15,938	46,169	(46,402)	15,705

School fees

Some of our schools' fees for trainee teachers are billed in advance. This income is recognised upon achievement of specific milestones.

Initial Teacher Training and other income

This represents contractual income relating to future periods, which is recognised on achievement of specific milestones.

13. Consolidated and Charity Provisions

	Brought forward	Provided in year	Used in year	Carried forward
	£'000	£'000	£'000	£'000
Analysis of movements				
Dilapidations	620	17	-	637
Masters	464	303	(464)	303
Restructuring	-	87	-	87
Total	1,084	407	(464)	1,027

Dilapidations

The provision at 31 August 2018 is in respect of dilapidation costs expected to be payable on the termination of the lease of Teach First's head office in 2026.

Master's

The provision at 31 August 2018 is in respect of masters costs expected to be payable in 2018/19 for participants in the 2016 cohort that have taken the opportunity to study the master's degree.

Restructuring

The provision at 31 August 2018 is in respect of redundancy costs recognised in 2017/18 and expected to be payable in 2018/19.

14. Analysis of charitable funds at 31 August 2018

Consolidated	Brought forward	Incoming resources	Resources expended	Transfer between funds	Carried forward
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
Access	529	1,049	(1,573)	59	64
Ambassador impact	67	490	(520)	-	37
Collective action	110	394	(476)	-	28
Participant impact	379	982	(751)	(59)	551
Charity effectiveness	-	62	(62)	-	-
Total restricted funds	1,085	2,977	(3,382)	-	680
General unrestricted funds	16,637	49,741	(52,879)	-	13,499
Designated funds	3,000	-	(1,006)	-	1,994
Total funds	20,722	52,718	(57,267)	-	16,173

Charity	Brought forward	Incoming resources	Resources expended	Transfer between funds	Carried forward
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
Access	529	1,049	(1,573)	59	64
Ambassador impact	67	490	(520)	-	37
Collective action	110	394	(476)	-	28
Participant impact	379	982	(751)	(59)	551
Charity effectiveness	-	62	(62)	-	-
Total restricted funds	1,085	2,977	(3,382)	-	680
General unrestricted funds	16,637	49,136	(52,780)	-	12,993
Designated funds	3,000	-	(1,006)	-	1,994
Total funds	20,722	52,113	(57,168)	-	15,667

Access

Access includes Futures, which aims to improve pupil progression from schools in low income communities to top universities, and Careers Leaders, where Teach First supports schools and trains teachers to deliver high quality careers education.

Ambassador Impact

Ambassador Impact includes funds for our School Leadership Pathway programme to accelerate our ambassadors to middle and senior leadership roles in schools and to support our alumni network in order that they continue to be advocates for our mission.

Collective Action

Collective Action includes the Innovation Unit, which supports social entrepreneurs to generate, test and scale new innovations to help end educational inequality in the UK and The Fair Education Alliance is an alliance of 81 member organisations, working together to achieve the Fair Education Impact Goals to reduce educational disadvantage in the UK.

Participant Impact

Support for our leadership development programme to recruit, train and place excellent people into schools servicing low income communities across England and Wales, as well as our Insight Programme, providing current university students with an internship at a school.

Transfer between funds

The transfer of £59k of funds relates to a change in the purposes of a donation from one funder agreed by both parties in an addendum to the contract in January 2018.

Unrestricted

Unrestricted funds are received from a range of donors and supporters.

Designated funds

Unrestricted funds are designated for a 3-year programme of investment in digital transformation, contributing to how we achieve our mission through our work with schools, LDP participants and ambassadors as well as HR and finance systems. Work already completed includes a new website which was launched in September 2017 to improve our ability to communicate with participants and raise awareness and a digital platform for networking our ambassadors which is currently being piloted with 200 of our ambassadors; and an improved candidate application process. Future work planned includes improvements to candidates' post-offer experience, a new schools' portal and an upgraded Salesforce implementation.

15. Analysis of net assets between consolidated funds

Consolidated	General unrestricted funds	Designated funds	Restricted funds	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:					
Fixed assets	2,993	-	-	2,993	3,377
Debtors	18,228	-	-	18,228	24,112
Cash in bank and in hand	20,548	1,994	680	23,222	25,486
Creditors: amounts falling due within one year	(27,243)	-	-	(27,243)	(31,169)
Total	14,526	1,994	680	17,200	21,806
Creditors: amounts falling due over one year	-	-	-	-	-
Provisions	(1,027)	-	-	(1,027)	(1,084)
Total funds carried forward	13,499	1,994	680	16,173	20,722

Unrestricted free reserves, which are defined as General Unrestricted Reserves excluding fixed assets, were £10.5m at 31 August 2018 (2017 - £13.3m).

Charity	General unrestricted funds	Designated funds	Restricted funds	2018 Total	2017 Total
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:					
Fixed assets	2,993	-	-	2,993	3,377
Debtors	18,008	-	-	18,008	24,112
Cash in bank and in hand	20,249	1,994	680	22,923	25,486
Creditors: amounts falling due within one year	(27,230)	-	-	(27,230)	(31,169)
Total	14,020	1,994	680	16,694	21,806
Creditors: amounts falling due over one year	-	-	-	-	-
Provisions	(1,027)	-	-	(1,027)	(1,084)
Total funds carried forward	12,993	1,994	680	15,667	20,722

16. Financial commitments

There were capital commitments of £nil existing at 31 August 2018 (31 August 2017 - £nil).

The company was committed to making the following total future payments in respect of operating leases:

	2018	2017
	£'000	£'000
Leases which expire:		
Within one year	1,315	1,144
Within two to five years	3,481	3,706
Over five years	2,016	2,880
Total	6,812	7,730

17. Related party transactions

Teach First entered into an agreement dated 24 January 2017 and amended by a deed of amendment dated 28 June 2017, with Nogil Limited, a company controlled by Mr B Wigdortz, for provision of consultancy services to facilitate a smooth transition of leadership arrangements. Delivery of services pursuant to this agreement commenced on 25 January 2018 and terminated on 31 July 2018. The amount payable under this agreement was £96,000 and was included in the results for the year ending 31 August 2017. None of this remained outstanding at 31 August 2018.

The charity has taken advantage of the exemption in FRS102 "Related Party Disclosures" from disclosing transactions with other members of the group. No member of the Board of Trustees received any remuneration during the year. Trustees were reimbursed £1,168 for travel and subsistence costs (2017: £1,881).

18. Post balance sheet events

i) Transform project

In 2016 Teach First commissioned the "Transform Project" to evaluate whether some of the emerging organisations which had been inspired by Teach First's success, such as Frontline for social workers, Unlocked for prison officers and Police Now could work more closely together to achieve greater impact and accelerate the achievement of their mission. This project has been led by James Darley (our former Director of Graduate Recruitment) with the aim of increasing the pool of high potential graduates entering public service. Following a successful project it was agreed that the project would spin out of Teach First to become an independent entity.

On 4 December 2018 Teach First transferred the business and assets of our Transform Project to the Transform Society an independent charitable organisation. James' employment transferred to the Transform Society on this date also.

£213,000 of receipts which were specifically granted for the furtherance of the Transform Project's objectives, were transferred to the Transform Society on 11 January 2019. The Transform Project was initially one of Teach First's projects and hence the sums received were part of the charity's own restricted funds. Transform Society was not incorporated until 12 November 2018, but it became clear by the balance sheet date that the new Society would be created and the project funds would be transferred to it. Therefore, at the balance sheet date these funds were treated as deferred income in recognition of the future transfer and because the funding had been received to fund future activity. As part of the agreement to transfer the business and assets of the Transform Project to the Transform Society, Teach First committed to contribute £20,000 per annum towards the running costs of the Transform Society for a period of up to two years.

ii) Restructuring costs

Further to concluding consultation with staff on 24 November 2018 further restructuring of the organisation was agreed. It is now estimated that a further £493,000 of restructuring costs will be incurred in the 2018/19 financial year in addition to the £87,000 provided at the balance sheet date.

19. Comparative Consolidated Statement of Financial Activities

For the Year Ended 31 August 2017.

Consolidated	Unrestricted funds	Restricted funds	Total 2017
	£'000	£'000	£'000
Income:			
Charitable activities	25,862	18,254	44,116
Donations	11,621	5,160	16,781
Investments	70	-	70
Income from other trading activities	44	-	44
Total income	37,597	23,414	61,011
Expenditure:			
Cost of raising funds	2,377	-	2,377
Expenditure on charitable activities	31,724	23,771	55,495
Total expenditure	34,101	23,771	57,872
Net income/(expenditure) for the year	3,496	(357)	3,139
Reconciliation of funds:			
Total funds brought forward at 1 September 2016	16,141	1,442	17,583
Total funds carried forward at 31 August 2017	19,637	1,085	20,722

20. Charity Statement of Financial Activities

For the Year Ended 31 August 2018.

Charity	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Income:				
Charitable activities	40,446	-	40,446	25,862
Donations	8,360	2,977	11,337	16,087
Investments	108	-	108	70
Income from other trading activities	222	-	222	1,217
Total income	49,136	2,977	52,113	43,236
Expenditure:				
Cost of raising funds	2,325	-	2,325	1,828
Expenditure on charitable activities	51,461	3,382	54,843	37,768
Total expenditure	53,786	3,382	57,168	39,596
Net income / (expenditure) for the year	(4,650)	(405)	(5,055)	3,640
Reconciliation of funds:				
Total funds brought forward at 1 September 2017	19,637	1,085	20,722	17,082
Total funds carried forward at 31 August 2018	14,987	680	15,667	20,722

THANK YOU

Our work and its transformative impact on disadvantaged young people would not have been possible without the support of our partners. Their generosity and expertise have enabled us to found and develop innovative programmes, expand into new areas and ultimately help over a million children since 2002.

Transformation partners

- Accenture
- Citi
- Credit Suisse EMEA Foundation
- Deloitte
- Goldman Sachs
- HSBC

Platinum partners

- Ashurst
- Bank of America Merrill Lynch
- Barclays
- Bloomberg LP
- Careers and Enterprise Company
- Clifford Chance
- DHL UK Foundation
- Education Endowment Foundation
- Fidelity UK Foundation
- Garfield Weston Foundation
- Google
- Lone Pine Foundation
- Ørsted
- PA Consulting
- Prudential Plc
- Rolls-Royce
- Royal Navy
- Siemens
- SSE
- Vodafone
- The AKO Foundation
- The Burberry Foundation
- The Huo Family Foundation
- The Queen's Trust
- The Sackler Trust

Gold partners

- Edge Foundation
- Jupiter Asset Management
- Independent Franchise Partners
- National Apprenticeship Service
- National Grid
- Oliver Wyman
- NatWest
- PZ Cussons
- Swire Charitable Trust
- Moondance Foundation
- Quadrature Capital
- Temasek
- Thales
- The Exhilararch's Foundation
- The Waterloo Foundation
- The Wolfson Foundation
- Wellcome Trust

Silver partners

- Ashtead (A-Plant)
- BP
- John Laing Charitable Trust
- KPMG
- Mishcon de Reya
- United Utilities
- UBS
- Peel
- PDT Partners
- The Rothschild Foundation
- Salesforce.com
- Sparx
- PWC
- The Eranda Rothschild Foundation
- The Haberdashers' Company

Bronze partners

- Allen & Overy
- Bank of Ireland
- Capital Group
- Freshfields Bruckhaus Deringer LLP
- GKN
- Institution of Engineering and Technology
- Procter & Gamble
- Stuart and Bianca Roden
- Rothschild & Co
- Slaughter and May
- The Liz and Terry Bramall Foundation
- Charles Wilson & Rowena Olegario
- The Goldsmiths' Company
- The Worshipful Company of Butchers
- The Worshipful Company of Innholders
- United Utilities plc
- University of Cambridge
- Western Union
- Charlie and Minna Burrell
- Glenn and Phyllida Earle
- Nisbet Charitable Trust
- James and Sophie Bardrick

University partners

We would like to thank our university partners for playing a vital role in the delivery of our Leadership Development Programme and enabling our participants to maximise their impact on the lives of children and young people from disadvantaged communities in England and Wales.

- Bath Spa University
- Birmingham City University
- Canterbury Christ Church University
- Cardiff Metropolitan University
- Northumbria University
- Sheffield Hallam University
- UCL Institute of Education
- University of Bristol
- University of Exeter
- University of Manchester
- University of Nottingham
- University of Wales Trinity St David's

Governmental partners

We would like to thank the Department for Education, the Welsh Government and Rhondda Cynon Taff CBC for their funding and support during the year.

Donations in kind

Organisations, including, Clifford Chance, Ashurst, Salesforce.com, and McKinsey supported our work with pro-bono support including legal support, consultancy support and IT software licences. Thank you also to all the organisations who donated items or services to our events.

Support of our campaign events and policy reports

Over the course of the year we have hosted a series of events, and policy reports, which wouldn't have been possible without the generous support of our sponsors and event partners. These have included:

Gala Dinner

Thank you to the Attwood Education Foundation, the Bank of England, and Saint Gabriel's College for their support of our 2018 Gala Dinner.

Teacher Development Conference

- Headline supporter: NatWest MoneySense

Run the River

- Headline sponsor: Citi
- Event partner: Jupiter Asset Management

Impact Conference

- Headline supporter: SSE
- Event partner: Chartered College of Teaching
- Media partner: The Times and Sunday Times

Beyond Access Policy Report

- Headline supporter: Credit Suisse

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