

Tauheedul Education Trust
(Formerly Tauheedul Free Schools' Trust)
(A Company Limited by Guarantee)

Trustees' Report and Audited Financial Statements

FOR THE YEAR ENDED
31 AUGUST 2014

Company Registration Number 07353849

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Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

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Abbreviations

CPI – Consumer Price Index
DfE – Department for Education
EFA – Education Funding Agency
FRS – Financial Reporting Standard
GAG – General Annual Grant
LGPS – Local Government Pension Scheme
SCR – Standard Contribution Rate
SERPS – State Earnings-Related Pension Scheme
TET – Tauheedul Education Trust (formerly Tauheedul Free Schools Trust (TFST))
TIBHS – Tauheedul Islam Boys' High School
OSB – Olive School Blackburn
OSH – Olive School Hackney
EB – Eden Bolton
EC – Eden Coventry
EWF – Eden Waltham Forest
TIGHS – Tauheedul Islam Girls' High School
TG – Tauheedul Group
TPS – Teachers' Pension Scheme

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Reference and Administrative Details

For the Year Ended 31 August 2014

Company Registration Number	07353849 (England and Wales)
Principal and Registered Office	Shadsworth Road Blackburn Lancashire BB1 2HT
Members	Tauheedul Group Kamruddin Isap Kothia (Chair) Faruk Dasu Habib Patel Harry Catherall
Trustees	Ismail Adam (resigned 31/05/2014) Faruk Bharucha # (resigned 31/05/2014) Faruk Dasu # Mohamed Isap Kamruddin Isap Kothia Habib Patel Hamid Patel # Mohmed Hanif Sufi (resigned 31/05/2014) Rashid Valli # (resigned 31/05/2014) Ali Vika (resigned 31/05/2014) Fazlurrehman Hassan (resigned 31/05/2014) Kevin Jacquiss (appointed 01/06/2014) Sue Barkway (appointed 01/06/2014) David Rawlinson (appointed 01/06/2014) Harry Devonport (appointed 01/06/2014) # Members of the Audit Committee
Chief Executive and Accounting Officer	Hamid Patel
Independent Auditors	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn Lancashire BB1 7AP
Bankers	Lloyds Bank Church Street Blackburn Lancashire BB2 1JQ
Solicitors	Hill Dickinson 1 St Paul's Square Liverpool Merseyside L3 9SJ

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

During 2013/14, TET operated Tauheedul Islam Boys' High School (TIBHS), The Olive Schools in Blackburn and Hackney, along with the pre-opening project management for The Eden Boys' Schools in Bolton, Birmingham and Preston and the Eden Girls' Schools in Coventry, Waltham Forest and Slough. In addition to this it has continued to manage the National College North West Leadership programme.

Structure, Governance and Management

Constitution

TET is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of TET are also directors of the charitable company for the purposes of company law. The charitable company is known as Tauheedul Education Trust, until 1 June 2014 it was known as Tauheedul Free Schools' Trust.

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

Members' Liability

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

Trustees' Indemnities

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

Principal Activities

TET is incorporated as a multi-academy trust and the principle activities and core purpose of the Academy Trust, as set out in its Articles of Association and funding agreement are:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:
 1. Islamic schools designated as such which shall be conducted in accordance with principles, practices and tenets of Islam both generally and in particular in relation to arranging for religious education and daily acts of worship as required by each school's Funding Agreement, and
 2. Other Academies whether with or without designated religious character, but in relation to each of the Academies to recognise and support their individual ethos, whether arising out of religious designation or otherwise

Method of Recruitment and Appointment or Election of Trustees and Governors

The Members are responsible for the recruitment of new Trustees.

In selecting new Directors, we seek to identify people who regularly attend events and functions organised by the TET and are willing to volunteer to help in our broader community work. When necessary, we carry out an extensive recruitment process to identify people with a diverse set of skills that would add value to the charity. In addition, the changes to the company Articles in June 2014 permits the nomination from Local Governing Bodies representatives for their regions – North, Midlands and South.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Potential Directors are invited to attend TET meetings as observers and are given more details of the charitable trust's aims and activities and, if all agree, they are then proposed as new Directors. This process allows due consideration of the person's eligibility, personal competence, specialist knowledge and skills.

Trustees are appointed for a fixed term of 4 years but are eligible for re-election at the end of the fixed term.

Policies and Procedures Adopted for the Induction and Training of Trustees

Following their appointment/election all new trustees receive an introduction to their role from the Chair and Chief Executive. This introduction includes tours of the School sites and the opportunity to meet members of a Schools Senior Leadership Team.

The trustees of TET are committed to providing adequate opportunities for trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively.

The Trust Secretary will ensure that new trustees receive sufficient support and information to enable them to effectively discharge their role, including support from paid staff as appropriate and entitlement to expenses. All trustees are required to sign and adhere to the Code of Conduct held by the Trust, and undertake identified training within a Trustees Training Programme.

Organisational Structure

The trustees are responsible for the general control and management of the trust. The trustees give their time freely and receive no remuneration or other financial benefits. The trustees act as governors of TET and are also the directors of the charitable company for the purposes of company law.

The trustees meet together as a body termly and are responsible for all decisions taken in relation to the running of the activities provided by the charity. To assist in the smooth running of the charitable trust the trustees have established an Audit sub-committee which will meet up three times a year. The Audit Committee is responsible for ensuring the independent checking of financial controls, systems, transactions and risks. The Trust is also supported by Local Governing Bodies which have a clear Scheme of Delegation with regard to their responsibilities; in turn the Local Governing Bodies have 2 sub-committees – Education Committee and Business Committee.

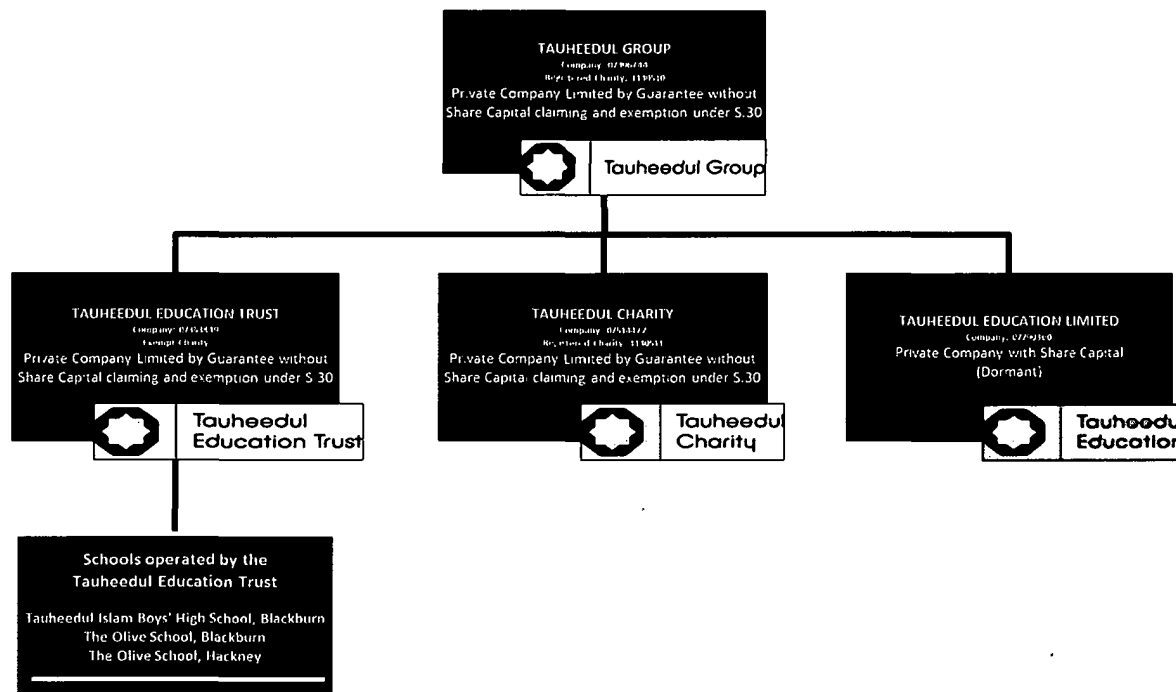
Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Connected Organisations, including Related Party Relationships

The Academy Trust is part of a Group Structure.



Tauheedul Group

Tauheedul Group is a non-operational parent company, which meets to provide the strategic direction to its subsidiary organisations. It is committed to education and the relief of poverty and hardship.

Tauheedul Education Limited

Tauheedul Education Limited, whilst currently a dormant subsidiary of Tauheedul Group will move to be a subsidiary of Tauheedul Education Trust. This will then serve as the trading arm of the Education Trust, providing training and consultancy to schools nationally and beyond.

Tauheedul Charity

Tauheedul Charity is a global education charity working to transform the lives of children and young people across the world. As a charity informed by progressive Islamic values, we believe that all our children are treasures through whom we can inspire a better future for our world.

Based in Lancashire, Tauheedul Charity is part of the Tauheedul Group. Tauheedul Group is driven by a strong sense of social responsibility and believes firmly in community service and in the transformative power of education to achieve lasting change.

Tauheedul Charity delivers Tauheedul Group's corporate social responsibility programme. It aims to:

- Inspire young people to be global citizens who can, by their efforts, create a more positive future and improve the lives of those less fortunate than themselves.
- Address poverty in the UK through practical programmes that ignite young people's innate energy and enthusiasm.
- Provide access to educational opportunities in impoverished communities across the world.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Objectives and Activities

Objectives and Aims

Tauheedul Education Trust schools are non-selective Muslim faith-based schools which welcome pupils from all faiths and none. They offer a high-powered academic curriculum and promote progressive Islamic and traditional British values.

In a society where great inequality already exists, schools can be powerful agents of change. TET has responded to the aspirations of communities across England by establishing a network of high-performing Free Schools. Based on the outstanding success of TIGHS in Blackburn, a state maintained school, that until March 2014 was governed by the same individuals who are the Directors of TG. The free schools are also rooted in the local context and driven by the ambitions of local parents.

Our vision is nothing less than the creation of a transformational network of Tauheedul schools. Although each of these schools will take account of local circumstances, they will have a consistent brand, reflecting the key Tauheedul characteristics of:

- Faith Ethos
- Educational Excellence and
- Community Service.

TET will also seek to support as an Academy sponsor schools of other faiths and non-faith schools. These schools will be supported to attain the Tauheedul characteristics of Educational Excellence and Community Service.

Faith Ethos

Inspired by its origins in the Muslim faith, TET recognises how important that can be to its adherents. It emphasises, through its organisation, the centrality of:

- A faith identity and a wider spiritual identity that connects the whole world – we are all from the family of God.
- A wholesome identity – one family, one world.
- An approach that has connections with relevance for people of all faiths and none.
- A belief that we are all part of, and are contributing to, something far greater than ourselves.
- A focus on character development – exemplary behaviour, respect, care, compassion, strength and self-discipline.
- An environmental responsibility – a green and sustainable agenda.
- A healthy body and mind.
- Outstanding pastoral care.

Educational excellence

TET schools promote excellence in everything their pupils undertake. School leadership, classroom teachers and associated staff, together with parents, are all geared up to improve social mobility and inspire in the learners:

- High expectations, aspirations and a spirit of excellence.
- Personalised excellence – that results from a passionate belief
- That each individual is unique and special – our job is to nurture this talent.
- Healthy competition – that will permeate the life and conduct of the school.
- Ambition for all students – to go to university or pursue a career.

Community service

The TET is not an inward-looking organisation. It recognises the importance of society and the contribution each individual must make to sustain it. The purpose of the network, therefore, has to be to celebrate the importance of society, and to require all pupils (and all staff) to make explicit and generous-

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

hearted contributions to society, especially to those least well-off within it. Consequently, TET will instill curriculum awareness and personal objectives in pupils that reflect the importance of these values.

As an example, the TET will constantly be:

- Ensuring that a Big Society ethos permeates the school.
- Promoting service, respect and citizenship among the pupils and parents.
- Developing responsibility in the individual to him or herself, to peers, to the local community and to the Big Society.
- Focusing on leadership.

Learners at each of the Tauheedul Education Trust School will find themselves part of an elite – but certainly not elitist – organisation; one where rigorous and dynamic learning, progress and achievement will be coupled with a commitment to wider personal progression, including the development of character and an intelligent moral and ethical compass. Such schools will develop learners who are outstanding believers, active and participatory citizens and exemplary members of their community – contributing to the development of a successful 'Big Society'.

This network of ambitious Free Schools will see all of its young people as an immense pool of human potential, irrespective of their faith, race, gender or socio-economic background. By providing them with outstanding educational experiences, TET can drive their ambitions and deliver their dreams for the future. It has embraced those values that promote social mobility and when put into practice, will fast-track our young people on to the best universities, into prestigious employment and the professions.

TET will ensure the delivery of these aspirations through robust quality assurance mechanisms which will allow for the individual autonomy of each school within a demanding and meticulous school improvement framework. As a result, all pupils will be supported to achieve their full potential.

Our Brand

TET will aim to achieve its vision and deliver educational excellence wherever it can establish roots, by establishing the following brand standards across all its academies:

- Outstanding academic achievement by learners from all backgrounds: The curriculum will provide a solid foundation for future learning at every stage. Pathways to meet every learner's needs will be intellectually challenging and designed to prepare our young people for the full range of opportunities, once they leave us. Their academic successes will contribute towards their achievement of the TET mini-Baccalaureate in primary, and the TET Baccalaureate in secondary school.
- An extended and richly diverse curriculum enrichment programme: A wide programme of enrichment opportunities aimed at; developing key 'personal skills and aptitudes'; sports and cultural opportunities; and 'catch-up' activities personalised to help those individuals in need of additional help with literacy and numeracy. These extra-curricular elements form part of the TET Baccalaureate.
- A culture of high expectations with ambitious targets for all our young people as well as our staff: TET schools are high-powered organisations with an emphasis on 'excellence in everything'. They use cutting edge research to develop an innovative and highly successful pedagogy and to push the boundaries of the possible to achieve the improbable. The best learning goes hand in hand with the most inspirational teaching.
- Outstanding efficiency, accountability and transparency: TET schools have robust financial management and transparency, with the annual independent auditor's report sent to all parents in accessible language. They will be based on outstanding planning and communications, supported by an integrated management information system and a shared learning platform for all stakeholders, with robust quality assurance processes at all levels.
- Outstanding teaching that grows character, spiritual intelligence and self-discipline: TET focuses on character development – exemplary behaviour, respect, care, compassion, strength and self-discipline – as central to achieving their vision for young people.
- Community service and charitable giving that shapes pupils' personal development: TET shares values that are consistent with a vision of an interactive, but diverse community; this vision is reflected in the curriculum, enrichment and community service of each academy. All pupils, from

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

the youngest to the oldest, will engage in community service, contributing towards society whilst also adding to their achievement of the TET Baccalaureate.

Financial and Risk Management Objectives and Policies

The Academy Trust's financial objectives are:

- To ensure that the financial resources available for the children each year is spent on the children attending school during that year to maximise their learning opportunities,
- To generate extra income wherever possible so as to enhance school life and activities without being over-reliant on parents and carer contributions,
- To apply best value principles in all purchases, at all times.
- To monitor and evaluate the value for money of all staff,
- To prevent areas of wastage.
- These objectives were achieved in the year ending 31st August 2013.

Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by TET is the development of the high quality education provided in its schools, to the public benefit of all children local to these schools.

Strategic Report

Achievements and Performance

TET has achieved the following in the 2013/14 academic year:

- TIBHS successfully continued providing high quality education to Years 7, 8, and 9 pupils;
- The Olive School Blackburn has successfully completed its first year of operation.
- The Olive School Hackney has successfully completed its first year of operation.
- The Eden Boys' School Bolton has successfully moved to opening stage;
- The Eden Girls' School Coventry has successfully moved to opening stage;
- The Eden Girls' School Waltham Forest has successfully moved to opening stage;
- The Eden Boys' School Birmingham has successfully progressed towards opening in September 2015;
- The Eden Boys' School Preston has successfully progressed towards opening in September 2015;
- The Eden Girls' School Slough has successfully progressed towards opening in September 2015;
- TET has successfully continued to deliver the National College North West leadership Programme.

Key Performance Indicators

Whilst our schools are not yet at the stage of undertaking externally assessed examinations our pupils have continued to show good performance in their work. Ofsted has also undertaken the following inspections: -

- TIBHS achieved an 'Outstanding' rating from Ofsted in its second year of operation.
- OSB obtained a positive outcome to an Ofsted no notice inspection within its first year of operation; and
- OSH obtained a positive outcome to an Ofsted no notice inspection within its first year of operation.

Pupil recruitment has been strong with all of our schools being over-subscribed; including those which are preparing for opening.

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Financial Review

During the year ended 31 August 2014 TFST has received income of £36,302,806 (2013: £2,145,210) comprising:

- GAG funding for TIBHS, The Olive Schools in both Blackburn and Hackney;
- Year zero restricted start-up funding for The Eden Boys' Schools in Bolton, Birmingham and Preston and the Eden Girls' Schools in Coventry, Waltham Forest and Slough;
- Capital grants towards the purchase of sites for the schools and the related fit out costs at the permanent and temporary sites;
- National College Scholarship funding and associated candidate fees for the North West Leadership Programme; and,
- Central Office Management fees and consultancy.

Over the year TET expended £6,710,301 (2013: £1,958,966) leading to a net income of £29,592,505 (2013: £186,244). Of this £390,083 (2013: £55,205) relates to restricted GAG for the academies which is being carried forward to be utilised in future years. TET has an unrestricted fund carried forward of £252,157 (2013: £64,870) which will be used within the Academies Charitable objectives.

Due to the timing of the stage payments of the start-up grants for the additional free schools TET had cash reserves of £1,409,849 as at 31 March 2014 (2013: £840,021) and was carrying forward deferred income of £653,763 (2013: £582,380) in relation to these grants. These monies will be spent in the future year on the pre-opening costs of these free schools.

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

During the year TET received financial and management support from TIGHS, a state maintained school, governed in part by the TG directors.

Reserves Policy

The amount of reserves held are stated in the Financial Review noted above. The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

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

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Investment Policy

The Trust has adopted a low risk strategy to investment and will leave excess cash in the current accounts.

Principal Risks and Uncertainties

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

A review of the risks faced by TET was conducted and systems established to mitigate those risks. TET has identified the major risks it faces and has documented these within its Risk Register; this is reviewed termly by its Trustees. The Trustees are also fully appraised at between meetings of any issues that may impact upon the management of risk. The Audit Committee has ongoing responsibility for the monitoring of risks and has engaged Baker Tilly as its Internal Auditors to ensure maintained compliance. An Internal Audit Plan was agreed and undertaken in 2013/14. This focused upon the following areas: -

- Governance: Trustees Interests
- Risk Management
- Payroll
- Budget Management
- Recruitment

These reviews showed no major areas of concern but did provide recommendations for further improvements to the Trusts systems which have been implemented.

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

1. Government Funding

The Academy Trust has considerable reliance on continued Government funding through the EFA. In 2013/2014, 99% (2012/13: 92%) of the Academy's revenue was ultimately publicly funded including inherited assets, and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

This risk is mitigated in a number of ways:

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

2. Management Override

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

This risk is mitigated in a number of ways:

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Trustees' Report

For the Year Ended 31 August 2014

Plans for Future Periods

TET will seek to grow as a Multi Academy Trust and continue to work with communities across the country within three geographical clusters (North West, Midlands and London) to open Free Schools that meet the needs of those communities and meet the Trust aims and objectives. Within its open schools the Trust will work to ensure the high performance of its students.

To complete these aims, TET opened three new free schools in September 2014, one in Bolton, one in Coventry and one in Waltham Forest. They also plan, and have received initial approval to proceed with, 3 schools which will be opened in September 2015, located in Preston, Birmingham and Slough.

In addition, TIGHS has converted to an academy within the Multi-Academy Trust with effect from 1 December 2014.

TET have made applications to the Department for Education to open a further 5 Olive Primary Schools in Bolton, Preston, Coventry, Birmingham and Waltham Forest. The outcome of these applications is expected in March 2015. If successful it is proposed that they would open in September 2016.

The Trust will also seek to Sponsor converting Schools to Academy Status – these schools may be of other faiths or none.

Funds Held as Custodian Trustee on Behalf of Others

TET holds no funds on the behalf of others.

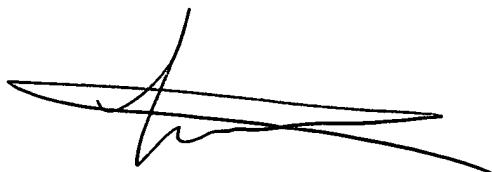
Auditors

In so far as the trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 18/12/14.....and signed on the board's behalf by:



Kamruddin Isap Kothia
Chair of Trustees

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Governance Statement

For the Year Ended 31 August 2014

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between TET and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Ismail Adam (retired June 2014)	3	3
Sue Barkway (appointed June 2014)	0	1
Faruk Bharucha (retired June 2014)	2	3
Faruk Dasu	4	4
Harry Devonport (appointed June 2014)	1	1
Fazlurrehman Hassan (retired June 2014)	3	3
Mohamed Isap	3	4
Kevin Jaquiss (appointed June 2014)	0	1
Kamruddin Isap Kothia	4	4
Habib Patel	4	4
Hamid Patel	4	4
David Rawlinson (appointed June 2014)	1	1
Mohmed Hanif Sufi (retired June 2014)	3	3
Rashid Valli (retired June 2014)	2	3
Ali Vika (retired June 2014)	2	3

In June 2014 the Company changed its name from Tauheedul Free Schools' Trust (TFST) to Tauheedul Education Trust (TET). At the same time the company adopted amended Articles and changed its Trustees. All of these changes have been registered with Companies house and the Education Funding Agency.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Governance Statement

For the Year Ended 31 August 2014

The **Audit Committee** is a sub-committee of the main board of trustees. Its purpose is to:

Assist the decision making of the board, by enabling more detailed consideration to be given to the best means of the company's responsibility to ensure financial probity and managing risk. This Committee provides a process for independent checking of financial controls, systems, transactions and risks. It is supported in this role by the Internal Auditors Baker Tilly whom they appointed during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Faruk Bharucha (appointed and retired during the year)	1	3
Faruk Dasu	3	3
Hamid Patel (appointed and retired during the year)	1	1
Rashid Valli (appointed and retired during the year)	3	3

During the year one meeting operated with a Trustee attending the first meeting on an interim basis to ensure the meeting was quorate whilst an appointed was unable to take up their membership due to holiday commitments.

An Internal Audit Plan was agreed and undertaken in 2013/14. This focused upon the following areas: -

- Governance: Trustees Interests
- Risk Management
- Payroll
- Budget Management
- Recruitment

These reviews showed no major areas of concern but did provide recommendations for further improvements to the Trusts systems which have been implemented.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in TET for the period 1st September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Governance Statement

For the Year Ended 31 August 2014

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and decided to appoint Baker Tilly as its Internal Auditor in 2013/14.

The Internal auditor's role includes giving advice on financial matters and performing a range of checks on TET's financial and non-financial systems. On a termly basis the Internal Audit reports to the Governing Council, through the Audit Committee on the operations of the systems of control and on the discharge of the Governing Council's financial responsibilities.

Reviews were undertaken in line with the agreed Internal Audit Plan and they showed no major areas of concern but did provide recommendations for further improvements to the Trusts systems which have been implemented.

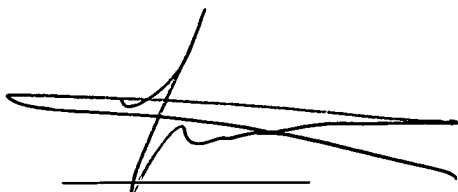
Review of Effectiveness

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


- the work of the Internal Auditor;
- the work of the External Auditor; and
- the work of the senior managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 18/2/14 and signed on its behalf by:



Kamruddin Isap Kothia
Chair of Trustees



Hamid Patel
Accounting Officer

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

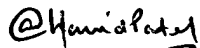
Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2014

As accounting officer of Tauheedul Education Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Hamid Patel
Accounting Officer

Date: 08/12/14.....

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2014

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

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

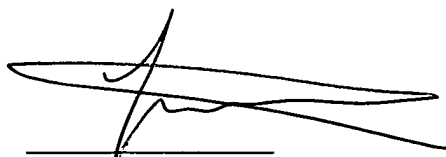
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 18/12/14.....and signed on its behalf by:



Kamruddin Isap Kothia
Chair of Trustees

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

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

We have audited the financial statements of Tauheedul Education Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes on pages 21 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accountancy Practice) and the Annual Accounts Direction 2013 to 2014 issued by the EFA.

The report is made solely to the Governing 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 Governing Body 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 company and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Trustees are responsible for the preparation of the Trustees' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

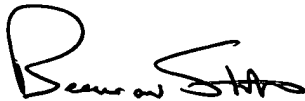
Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

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

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



**G M Wilson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers**

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

18/12/14

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Independent Reporting Accountant's Assurance Report on Regularity to the Members of TET and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

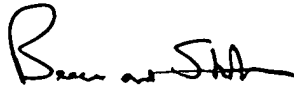
- Review that the activities are in keeping with the academy's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the academy's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2013 to 2014.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Independent Reporting Accountant's Assurance Report on Regularity to the Members of TET and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



GRAHAM WILSON (Reporting Accountant)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants
& Statutory Auditor

Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

18/12/14

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Statement of Financial Activities for the Year Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
INCOMING RESOURCES						
Incoming resources from generating funds:						
Voluntary income	2	1,775	-	-	1,775	-
Activities for generating funds	3	-	-	-	-	2,160
Investment income	4	1,755	-	-	1,755	526
Incoming resources from charitable activities:						
Grant funding for the Academy's educational operations	5a	-	5,647,734	30,363,511	36,011,245	1,964,290
Other funding for the Academy's educational operations	5b	-	288,031	-	288,031	178,234
Total incoming resources		3,530	5,935,765	30,363,511	36,302,806	2,145,210
RESOURCES EXPENDED						
Costs of Generating Funds:						
Consultancy		-	-	-	-	1,475
Charitable activities:						
Academy's educational operations	6	-	5,333,666	1,339,100	6,672,766	1,942,041
Governance costs	8	-	37,535	-	37,535	15,450
Total resources expended	6	-	5,371,201	1,339,100	6,710,301	1,958,966
Net incoming resources before transfers		3,530	564,564	29,024,411	29,592,505	186,244
Gross transfers between funds	16	183,757	(209,686)	25,929	-	-
Net income for the period		187,287	354,878	29,050,340	29,592,505	186,244
Other recognised gains and losses						
Actuarial gains / (losses) on defined benefit pension schemes	16,26	-	32,000	-	32,000	(45,000)
Net movement in funds		187,287	386,878	29,054,340	29,624,505	141,244
Reconciliation of funds						
Funds brought forward at 1 Sept 2013	16	64,870	5,205	71,169	141,244	-
Funds carried forward at 31 August 2014		252,157	392,083	29,121,509	29,765,749	141,244

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

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Balance Sheet

As at 31 August 2014

	Note	2014	2013
		£	£
FIXED ASSETS			
Tangible Assets	13	18,673,776	71,169
CURRENT ASSETS			
Debtors	14	15,326,579	163,980
Cash at Bank and in Hand		1,409,849	840,021
		16,736,428	1,004,001
CREDITORS			
Amounts Falling Due Within One Year	15	(5,646,455)	(883,926)
NET CURRENT ASSETS		11,089,973	120,075
NET ASSETS EXCLUDING PENSION ASSET / (LIABILITY)		29,763,749	191,244
Pension Scheme Asset / (Liability)	26	2,000	(50,000)
NET ASSETS INCLUDING PENSION ASSET / (LIABILITY)		29,765,749	141,244
FUNDS OF THE ACADEMY			
Restricted Funds			
Fixed asset funds	16	29,121,509	71,169
General funds	16	390,083	55,205
Pension reserve	16	2,000	(50,000)
Total Restricted Funds		29,513,592	76,374
Unrestricted Funds			
General fund	16	252,157	64,870
Total Unrestricted Funds		252,157	64,870
TOTAL FUNDS		29,765,749	141,244

The financial statements on pages 21 to 46 were approved by the Board of Trustees and authorised for issue on 18/12/14.....


Kamrudin Isap Kothia
Chair of Trustees

Company number: 07353849

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Cash Flow Statement

For the Year Ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	20	651,003	820,495
Returns on investments and servicing of finance	21	1,755	526
Capital expenditure	22	(82,930)	-
Increase in cash in the year	23	569,828	821,021
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		840,021	19,000
Net funds at 31 August 2014	23	1,409,849	840,021

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

As prescribed by the Academy Accounts Direction 2013 to 2014, Start-up grants have been apportioned in line with the expenditure being incurred.

- **Donations**

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

- **Other Income**

Other income, including courses provided to management staff at other schools and provision of teacher training, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

1. Accounting Policies (continued)

Incoming Resources (continued)

- **Gifted Property**

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

Resources Expended

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

- **Costs of Generating Funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of VAT where irrecoverable.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

1. Accounting Policies (continued)

Tangible Fixed Assets (continued)

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

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

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

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

Leased assets

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

1. Accounting Policies (continued)

Pensions Benefits (continued)

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

Fund Accounting

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

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

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

2. Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Other donations	1,775	-	1,775	-
	<u>1,775</u>	<u>-</u>	<u>1,775</u>	<u>-</u>
	<u><u>1,775</u></u>	<u><u>-</u></u>	<u><u>1,775</u></u>	<u><u>-</u></u>

3. Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Consultancy	-	-	-	2,160
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,160</u></u>

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Current Account interest	1,755	-	1,755	526
	<u>1,755</u>	<u>-</u>	<u>1,755</u>	<u>526</u>
	<u><u>1,755</u></u>	<u><u>-</u></u>	<u><u>1,755</u></u>	<u><u>526</u></u>

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

5. Incoming Resources from Charitable Activities

5a. Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE / EFA revenue grants				
GAG	-	3,836,730	3,836,730	892,442
Start Up Grants	-	1,504,594	1,504,594	679,478
Capital Grants	-	30,363,511	30,363,511	94,892
Other DfE / EFA grants	-	306,410	306,410	280,878
	<u>-</u>	<u>36,011,245</u>	<u>36,011,245</u>	<u>1,947,690</u>
 Other Government grants				
Local Authority Grants	-	-	-	16,600
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,600</u>
	<u>-</u>	<u>36,011,245</u>	<u>36,011,245</u>	<u>1,964,290</u>

5b. Other Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Other Income				
Catering Income	-	56,788	56,788	37,884
Trip Income	-	27,858	27,858	29,679
Bus Income	-	13,247	13,247	7,936
Other Income	-	190,138	190,138	102,735
	<u>-</u>	<u>288,031</u>	<u>288,031</u>	<u>178,234</u>

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

6. Resources Expended

	Staff Costs £	-Non Pay Premises £	Expenditure- Other Costs £	Total 2014 £	Total 2013 £
Costs of activities for generating funds	-	-	-	-	1,475
Academy's educational operations					
Direct costs	2,316,414	1,339,100	471,938	4,127,452	990,705
Allocated support costs	934,418	484,422	1,126,474	2,545,314	951,336
	<u>3,250,832</u>	<u>1,823,522</u>	<u>1,598,412</u>	<u>6,672,766</u>	<u>1,943,516</u>
Governance costs including allocated support costs (note 8)	-	-	37,535	37,535	15,450
	<u>3,250,832</u>	<u>1,823,522</u>	<u>1,635,947</u>	<u>6,710,301</u>	<u>1,958,966</u>

Net incoming resources for the period include:

	2014 £	2013 £
Operating lease		
- Land and buildings	298,158	170,012
- Other	5,522	1,298
Fees payable to auditor		
- Audit services	16,000	10,500
- Non-audit services	8,515	-
Fees payable to previous auditor		
- audit	-	4,950
Depreciation (note 13)	269,654	23,723
Impairment of Edinburgh House (note 13)	1,069,446	-

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

7. Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Direct Costs				
Teaching and educational support staff costs	-	2,316,414	2,316,414	732,819
Depreciation	-	269,654	269,654	23,723
Impairment of Edinburgh House	-	1,069,446	1,069,446	-
Educational supplies	-	233,099	233,099	27,099
Examination fees	-	733	733	647
Staff development	-	15,934	15,934	2,490
Educational consultancy	-	40,343	40,343	93,863
Other Direct Costs	-	181,829	181,829	110,064
	-	4,127,452	4,127,452	990,705
Allocated support costs				
Support staff costs	-	934,418	934,418	356,254
Recruitment and support	-	94,228	94,228	36,016
Net interest on pension scheme liability	-	(20,000)	(20,000)	5,000
Maintenance of premises and equipment	-	125,667	125,667	49,615
Cleaning	-	14,166	14,166	4,159
Rent & rates	-	317,881	317,881	173,294
Insurance	-	26,708	26,708	15,467
Security and transport	-	76,082	76,082	45,418
Catering	-	320,316	320,316	83,558
Bank interest and charges	-	1	1	-
Other support costs	-	655,847	655,847	182,555
	-	2,545,314	2,545,314	951,336
	-	6,672,766	6,672,766	1,942,041

8. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Auditor's remuneration	-	24,515	24,515	15,450
Internal audit services	-	13,020	13,020	-
	-	37,535	37,535	15,450

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

9. Staff

a. Staff Costs

Staff costs during the period were:

	2014 £	2013 £
Wages and salaries	2,704,644	790,722
Social security costs	212,200	64,622
Pension costs	236,462	103,617
	<u>3,153,306</u>	<u>958,961</u>
Supply staff costs	45,125	-
Staff seconded from TIGHS	52,401	131,587
	<u><u>3,250,832</u></u>	<u><u>1,090,548</u></u>

b. Staff Numbers

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

	2014 No.	2013 No.
Charitable Activities		
Teachers	28	9
Teaching support	26	4
	<u>54</u>	<u>13</u>
Total teachers and teaching support	54	13
Administration and support	25	6
Management	16	5
	<u><u>95</u></u>	<u><u>24</u></u>

The average number of employees calculated in accordance with the Companies Act 2006 requirements is 121 (2013: not materially different from that above).

c. Higher Paid Staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
£60,001 - £70,000	2	-
£70,001 - £80,000	3	3
£80,001 - £90,000	3	-
£90,001 - £100,000	2	1
	<u><u>2</u></u>	<u><u>1</u></u>

Nine of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer's pension contributions for these staff amounted to £60,467 (2013: £19,915).

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

10. Central Services

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

- Financial Services
- Human Resources
- Facilities and Estates
- Governance
- Business Support
- ICT Strategy
- Education Standards Assurance

The academy trust charges each school on the basis of a flat 4% of GAG. However in the current year additional charges have been made to some of the academies because of staffing issues at the new schools being covered by staff from the central services.

The actual amounts charged during the year were as follows:

	2014 £	2013 £
TIBHS	71,937	62,929
OSB	55,734	-
OSH	61,898	-
	<u>189,569</u>	<u>62,929</u>

11. Related Party Transactions – Trustees' remuneration and expenses

None of the trustees received any payments or expenses from the company in respect of their role as trustees during the years ended 31 August 2014 or 31 August 2013. The Chief Executive was not remunerated through the company during the year.

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

12. Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance providers cover up to £5,000,000 on any one claim, and the cost for the year ended 31 August 2014 was £2,537 (2013: £594). The cost of this insurance is included in the total insurance cost.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

13. Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Improvements £	Assets in the Course of Construction £	Furniture, Fixtures and Equipment £	Computer Equipment £	Total 2014 £
Cost						
At 1 September 2013	-	-	-	-	94,892	94,892
Additions	14,925,000	1,148,601	2,725,947	216,999	925,160	19,941,707
At 31 August 2014	14,925,000	1,148,601	2,725,947	216,999	1,020,052	20,036,599
Depreciation						
At 1 September 2013	-	-	-	-	23,723	23,723
Charged in year	-	151,323	-	19,456	98,875	269,654
Impairment	175,000	-	894,446	-	-	1,069,446
At 31 August 2014	175,000	151,323	894,446	19,456	122,598	1,362,823
Net Book Value						
At 31 August 2014	14,750,000	997,278	1,831,501	197,543	897,454	18,673,776
At 31 August 2013	-	-	-	-	71,169	71,169

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

- the acquisition of the freehold on Hackney Police Station which was purchased via capital grant at a value of £7,600,000;
- the acquisition of the freehold on Silver Birch House which was purchased via capital grant at a value of £6,700,000;
- the taking up of a leasehold on Blakewater High School for £18,000 over a term of 5 years;
- the taking up of a leasehold on land and buildings at Bicknell Street and Altom Street for £90,000 over a term of 2 years;
- the taking up of a leasehold on North London Muslim Community Centre for £61,000 over a term of 3 years;
- the taking up of a leasehold on additional space at North London Muslim Community Centre for £20,000 over a term of 2 years;
- the taking up of a leasehold on 70-72 Cazenove Road for £41,500 over a term of 3 years.

During the year, the EFA identified a potential permanent site for TIBHS at Edinburgh House, Blackburn and funded the acquisition of the site via a capital grant for £625,000, further capital additions of £894,446 were subsequently made. At the time of acquisition no planning permission had been granted for the development and in June 2014 planning permission was declined. At the year end the trustees have completed an impairment review on the asset and estimate the recoverable amount to be £450,000, consequently an impairment provision has been made as at 31 August 2014.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

14. Debtors

	2014 £	2013 £
Trade debtors	425	-
VAT Recoverable	317,418	87,454
Other debtors	28,200	105
Prepayments and accrued income	14,980,536	76,421
	<u>15,326,579</u>	<u>163,980</u>

15. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,330,270	238,265
Taxation and social security	73,227	29,937
Other creditors	39,947	33,344
Accruals and deferred income	4,203,011	582,380
	<u>5,646,455</u>	<u>883,926</u>

Deferred income

	2014 £
Deferred income at 1 September 2013	582,380
Resources deferred in the year	653,763
Amounts released from previous years	<u>(582,380)</u>
Deferred income at 31 August 2014	<u>653,763</u>

The deferred income held at 31 August 2014 consists mainly of Start Up Grants for Academies which have not yet opened.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

16. Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, Losses And Transfers £	Balance at 31 August 2014 £
Restricted general funds					
GAG	55,205	3,836,730	(3,475,923)	(25,929)	390,083
Start Up Grant	-	1,504,594	(1,504,594)	-	-
Other DfE / EFA Grants	-	306,410	(306,410)	-	-
Other Income / Expenditure	-	288,031	(104,274)	(183,757)	-
Pension reserve	(50,000)	-	20,000	32,000	2,000
	<u>5,205</u>	<u>5,935,765</u>	<u>(5,371,201)</u>	<u>(177,686)</u>	<u>392,083</u>
Restricted fixed asset funds					
DfE/EFA Capital grants	<u>71,169</u>	<u>30,363,511</u>	<u>(1,339,100)</u>	<u>25,929</u>	<u>29,121,509</u>
Total Restricted Funds	<u>76,374</u>	<u>36,299,276</u>	<u>(6,710,301)</u>	<u>(151,757)</u>	<u>29,513,592</u>
Unrestricted funds					
Unrestricted funds	<u>64,870</u>	<u>3,530</u>	<u>-</u>	<u>183,757</u>	<u>252,157</u>
Total Funds	<u>141,244</u>	<u>36,302,806</u>	<u>(6,710,301)</u>	<u>32,000</u>	<u>29,765,749</u>

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2014. The carried forward GAG will be used towards the future operations of the free school as allocated below.

The pension fund is in a surplus position as at 31 August 2014 based on the assumptions taken on an FRS 17 basis. Contributions are reviewed periodically by the actuary to keep the scheme in surplus. All future contributions will be met out of the Academy Trust GAG.

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

The transfer from the restricted fund to the restricted fixed asset fund is to account for fixed asset acquisitions purchased out of GAG. The transfer from restricted fund to the unrestricted fund represents the remaining balance on restricted funds where all restrictions have been met at 31 August 2014.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

16. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	2014 £	2013 £
Central Services	250,382	64,870
TIBHS	57,825	55,205
OSB	118,297	-
OSH	215,736	-
	<u>642,240</u>	<u>120,075</u>
Total before fixed assets and pension reserve		
	<u>642,240</u>	<u>120,075</u>
Restricted fixed asset fund	29,121,509	71,169
Pension reserve	2,000	(50,000)
	<u>29,765,749</u>	<u>141,244</u>
Total	<u><u>29,765,749</u></u>	<u><u>141,244</u></u>

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation and Impairment) £	Total £
TIBHS	975,185	295,560	44,622	563,681	1,879,048
OSB	515,517	163,194	92,922	393,221	1,164,854
OSH	586,642	203,345	83,527	272,510	1,146,024
Central Services	239,070	252,319	12,028	640,323	1,143,740
	<u>2,316,414</u>	<u>914,418</u>	<u>233,099</u>	<u>1,869,735</u>	<u>5,333,666</u>

17. Analysis of Net Assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	18,673,776	18,673,776
Current assets	252,157	1,658,551	14,825,720	16,736,428
Current liabilities	-	(1,268,468)	(4,377,987)	(5,646,455)
Pension scheme asset	-	2,000	-	2,000
	<u>252,157</u>	<u>392,083</u>	<u>29,121,509</u>	<u>29,765,749</u>
Total net assets	<u><u>252,157</u></u>	<u><u>392,083</u></u>	<u><u>29,121,509</u></u>	<u><u>29,765,749</u></u>

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

18. Capital commitments

At 31 August 2014, the academy trust had the following capital commitments:

	2014 £	2013 £
Contracted for, but not provided in the financial statements	6,952,595	-

Included in capital commitments above is £325,000 which will only become payable when a permanent site for TIBHS has been acquired.

19. Financial commitments

Operating leases

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Land and buildings		
Expiring within one year	212,500	2,500
Expiring within two and five years inclusive	140,500	-
	<u>353,000</u>	<u>2,500</u>
Other		
Expiring within two and five years inclusive	5,924	1,298
Expiring in over five years	352	-
	<u>6,276</u>	<u>1,298</u>

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

	2014 £	2013 £
Net income	29,592,505	186,244
Depreciation (note 13)	269,654	23,723
Impairment of Edinburgh House (note 13)	1,069,446	-
Capital grants from DfE and other capital income	(30,363,511)	(94,892)
Interest receivable (note 4)	(1,755)	(526)
FRS 17 Pension cost less contribution payable (note 26)	(18,000)	6,000
FRS 17 Pension finance income (note 26)	(2,000)	(1,000)
Increase in debtors	(279,878)	(122,980)
Increase in creditors	384,542	823,926
Net cash inflow from operating activities	<u>651,003</u>	<u>820,495</u>

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

21. Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	1,755	526
Net cash inflow from returns on investment and servicing of finance	<u>1,755</u>	<u>526</u>

22. Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(15,563,720)	(94,892)
Capital grants from DfE / EFA	15,480,790	94,892
Net cash outflow from capital expenditure and financial investment	<u>(82,930)</u>	<u>-</u>

23. Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	840,021	569,828	1,409,849
	<u>840,021</u>	<u>569,828</u>	<u>1,409,849</u>

24. Contingent Liabilities

The Academy Trust had no contingent liabilities at 31 August 2014.

25. Members' Liability

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

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £39,947 (2013: £16,033) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

During the year, the Academy Trust made contributions of £148,052 (2013: £53,957) into the TPS on behalf of the teaching staff.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department of Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of normal pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £145,678 (2013: £70,241), of which employer's contributions totalled £105,086 (2013: £52,215) and employees' contributions totalled £40,592 (2013: £18,026). The agreed contribution rates for future years are 19.1% for employers and between 5.5% and 7.5% for employees depending upon income.

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

The Academy Trust's fund, within the LGPS is in surplus at the year end of £2,000 (2013: deficit of £50,000).

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations (continued)

Principal Actuarial Assumptions	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.70%	4.40%
Rate of increase for pensions in payment / inflation	2.20%	2.40%
Discount rate for scheme liabilities	4.00%	4.60%
Inflation assumption (CPI)	2.20%	2.40%
Commutation of pensions to lump sums	50%	50%

Sensitivity Analysis

Disclosure item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3
		+0.1% p.a. discount rate	+0.1% p.a. inflation	1 year increase in life expectancy
	£'000s	£'000s	£'000s	£'000s
Liabilities	576	561	591	586
Assets	(578)	(578)	(578)	(578)
Deficit/(surplus)	(2)	(17)	13	8
Projected Service Cost for next year	84	80	88	86
Projected Expected Return on Assets for next year	(36)	(36)	(36)	(36)
Projected Interest Cost for next year	26	25	26	26

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

	At 31 August 2014	At 31 August 2013
Retiring today		
Males	22.8	22.1
Females	25.3	24.8
Retiring in 20 years		
Males	25	23.9
Females	27.7	26.7

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations (continued)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.00%	288	7.00%	190
Government Bonds	2.90%	1	3.40%	26
Other Bonds	3.80%	154	4.40%	77
Property	6.20%	55	5.70%	31
Cash/liquidity	0.50%	14	0.50%	18
Other	7.00%	66	7.00%	31
Total market value of assets		578		373
Present value of scheme liabilities				
- Funded		(576)		(423)
Surplus / (deficit) in the scheme		2		(50)

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2014 this yield was 2.9% p.a.

The expected investment return on corporate bonds is based on market yields at the relevant date, although this will normally vary by duration, and the expected return should also take into account the risk of default in the corporate bond yield. As at 31 August 2014 we have taken the expected return as 3.8% p.a. which implies a reduction for the risk of default of 0.1% p.a. when compared with the corporate bond yield/discount rate appropriate to the "mature" deviation profile for example.

It is generally accepted that the yield on equity investments will contain an "equity risk premium" in addition to the yield on Government bonds, which are perceived as the "least-risk" investment class, in order to compensate investors for the additional risk of holding this type of investment. Historical excess equity returns over more than 100 years have been approximately 4% p.a. on average. However, the level of equity risk premium can vary from time to time dependent on market levels and expectations for future returns. We have taken the overall expected return on equities as at 31 August 2014 as 7% p.a., implying an equity risk premium on equities of 4.1% p.a. over and above the gilt yield of 2.9% p.a.

Assumed returns on property are based on the expected long term returns on cash investments, plus a risk premium to allow for expected out-performance of property over cash, and an adjustment for the impact of the expected volatility of the returns.

The actual return on scheme assets was £26,000 (2013: £17,000).

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities	2014 £'000s	2013 £'000s
Current service cost (net of employee contributions)	(87)	(49)
Total operating charge	<u>(87)</u>	<u>(49)</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	26	17
Interest on pension liabilities	(24)	(16)
Pension finance income	<u>2</u>	<u>1</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £13,000 loss (2013: £45,000)

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

	2014 £'000s	2013 £'000s
At 1 September 2013	423	-
Current service cost	87	49
Interest cost	24	16
Employee contributions	41	15
Actuarial loss	(12)	-
Business combinations	13	343
At 31 August 2014	<u>576</u>	<u>423</u>

Movements in the fair value of academy's share of scheme assets:

	2014 £'000s	2013 £'000s
At 1 September 2013	373	-
Expected return on assets	26	17
Employer contributions	105	43
Employee contributions	41	15
Actuarial gain	15	25
Business combinations	18	273
At 31 August 2014	<u>578</u>	<u>373</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £49,000.

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

26. Pension and Similar Obligations (continued)

The three year history of experience adjustments is as follows:

	2014 £'000s	2013 £'000s	2012 £'000s
Present value of defined benefit obligations	(576)	(423)	-
Fair value of share of scheme assets	578	373	-
Surplus / (deficit) in the scheme	<u>2</u>	<u>(50)</u>	<u>-</u>
Experience adjustments on share of scheme assets			
Amount £'000	15	25	-
Experience adjustments on scheme liabilities:			
Amount £'000	36	-	-

27. Related Party Transactions

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

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

Ebusiness UK Ltd. – a company in which K Kothia, a trustee, is a director. Transactions totalling £473 (2013: £596), relating to email hosting and domain name registration took place in the year. There were no amounts outstanding at 31 August 2014 (2013: £nil)

Manchester Print Graphics Limited – a company in which M Isap, a trustee, is a former director. Transactions totalling £nil (2013: £1,095), relating costs incurred regarding educational visits that took place in the year. There were amounts outstanding of £nil at 31 August 2014 (2013: £600).

Susan Mary Barkway – a company in which Susan Barkway, a trustee, is the sole director. Transactions totalling £5,925 (2013: £nil), relating to consultancy services that took place in the year. These transactions were for services that were contracted before her appointment as a trustee on 1 June 2014. There were no amounts outstanding at 31 August 2014 (2013: £nil).

TIGHS – a state maintained school which governed in part by TG directors. Management charges totalling £102,049 (2013: £50,000) and other charges totalling £2,850 (2013: £nil) were made to TIGHS in the year. £52,401 (2013: £131,587) was charged from TIGHS for staff paid by TIGHS, but seconded to TIBHS. Other purchases for various sundry items totalling £2,956 (2013: £nil) were charged from TIGHS in the year. The net amount outstanding at 31 August 2014 was £13,921 (2013: £51,558) owed to TIGHS.

TR – a charitable company which is run by a number of trustees that are also trustees of TET. Insurance recharges and project costs totalling £5,204 (2013: £nil) were made to TR in the year. There were no amounts outstanding at 31 August 2014 (2013: £nil).

Tauheedul Education Trust (Formerly Tauheedul Free Schools' Trust)

Notes to the Financial Statements

For the Year Ended 31 August 2014

27. Related Party Transactions (continued)

The academy made the above purchases at arm's length following a competitive tendering exercise in accordance with its financial regulations, which the related parties neither participated in, nor influenced.

In entering into the transactions listed above the academy has complied with the requirements of the EFA's Academies Financial Handbook.