The First Federation Trust

(A company limited by guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2018

Company Registration number: 07819870 (England and Wales)

The First Federation Trust

Contents

The First Federation Trust

Reference and Administrative Details

Members	Mrs R Churchill, representing Salisbury Diocesan Board of Education
	Mr R Power, representing Exeter Diocesan Education Network (EDEN) (resigned 4 December 2017)
	Mr A P Walmsley, Chair
	Ms K Brimacombe, representing University of St Mark and St John (appointed 16 January 2018)
	Rev A Smith, representing Exeter Diocesan Education Network (EDEN) (appointed 5 December 2017)
Directors	Ms C Bromfield
	Ms A Denner
	Mr C J Frankland (appointed 1 February 2018)
	Ms A Gosling
	Mr N J Maguire (resigned 21 June 2018)
	Mr I J Thomas
	Mr P Walker (appointed 1 September 2017)
	Rev P Wimsett
	Mr A P Walmsley
Company Secretary	Ms I A Candy

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Reference and Administrative Details (continued)

Senior Management Team	P Walker, Chief Executive Officer
	C Chapman, Chief Operations Officer
	I Candy, Company Secretary & Governance Officer
	A Jenkins, Teaching School Leader
	M O'Mahony, Executive Head - East Hub
	J Price, Hub Business Manager - East Hub
	R Caunter, Executive Head - South Hub
	S Cotton, Hub Business Manager - South Hub
	J Huntington, Executive Head - Central Hub
	C Haddy, Hub Business Manager - Central Hub
	L Naldrett, Head of Teaching & Learning
	T Cox, Head of Teaching & Learning
	K Collins, Head of Teaching & Learning
	S Dyer, Head of Teaching & Learning
	S Westwood, Head of Teaching & Learning
	D Brown, Head of Teaching & Learning
	T Page, Head of Teaching & Learning
	A Pugsley, Head of Teaching & Learning
	E Lewry, Head of Teaching & Learning
	J Vanstone, Head of Teaching & Learning
	C Fegan, Head of Teaching & Learning
	D Batchelor, Head of Teaching & Learning
	J Spencer-Smith, Head of Teaching & Learning
Registered Office	Blackpool C of E Primary School Liverton Newton Abbot Devon TQ12 6JB
Company Registration Number	07819870
Independent Auditors	PKF Francis Clark Chartered Accountants and Statutory Auditor Sigma House Oak View Close Edginswell Park Torquay TQ2 7FF

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Reference and Administrative Details (continued)

Bankers	Lloyds Bank 234 High Street Exeter EX4 3NL
Solicitors	Michelmores Woodwater House Pynes Hill Exeter EX2 5WR

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Directors' Report for the Year Ended 31 August 2018

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

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

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

St Leonard's CE Primary School transferred to St Christopher Multi Academy Trust (Primary) on 1 September 2018.

Willowbank Primary School joined the Trust on 1 September 2018.

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

In the Autumn 2017 school census, the First Federation Trust had 3,021 school age pupils on roll.
In the Autumn 2018 school census, the First Federation Trust had 2,857 school age pupils on roll.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of The First Federation Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The First Federation Trust.

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

Members' Liability

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

Directors' Indemnities

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

Method of recruitment and appointment or election of Directors

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

The composition of the board of directors is as follows:
• Six Foundation directors, five appointed by Exeter Diocesan Education Network (EDEN) and one appointed by Salisbury Diocesan Board of Education (SDBE) (Article 50)
• A minimum of two parent directors if the Directors have not appointed Local Governing Bodies (Article 53).
• The Chief Executive Officer for as long as he remains in office.
• Co-opted Directors provided the number of Foundation Directors represent a simple majority of the total number of Directors of the Company (Article 58).
P S Walker was appointed as CEO with effect from 1 September 2017.
C J Frankland was appointed as Foundation Director by EDEN with effect from 1 February 2018.
N J Maguire sadly died on 21 June 2018.
A E Gosling resigned her appointment as Foundation Director by EDEN with effect from 30 August 2018 and was appointed as Foundation Director by SDBE with effect from 31 August 2018.

Governance hub boards were introduced to oversee the performance of a sub-group of schools within the FFT, with representation from two parents on each board, effectively moving parental representation from the board of directors to hub boards in accordance with Article 53.

Policies and procedures adopted for the induction and training of Directors

C J Frankland attended induction training for new directors and training for lead safeguarding director/governor. A Denner and A E Gosling attended the South West governance "making an impact" workshop. A P Walmsley attended training on pupil exclusion procedures and a number of training events/conferences on MATs and the role of chair.

Directors attended training sessions on managing complaints and GDPR provided by Michelmores and understanding ASP and Ofsted expectations for directors provided by P Walker.

A governance strategic morning was held in September 2017, to which all members of the governance structure (Members, Directors, Hub Board Members, Parent Representatives and Hub Clerks) and senior leaders (CEO, Exec Heads, COO, Hub Business Managers and Comp Sec) were invited. The day covered a general update on the Trust (schools, governance & leadership structure, growth strategy summary, challenges and priorities for the year ahead), a presentation on RSC key issues for MATs, a presentation on the work of the Trust Ethos team around Christian Distinctiveness of the FFT church schools and Ethos, a presentation about the work of the Teaching School, as well as an interactive session on the information/reports that should be received by each level of governance.

A further governance strategic morning was held in October 2018. This covered a general update on the Trust (schools, governance & leadership structure, Trust strategic plan), a training session on understanding school data and interactive sessions on the role of hub boards in school improvement and communication within and about the Trust, plus an update on the FFT Ethos team work.

Directors' Report for the Year Ended 31 August 2018 (continued)

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

Organisational structure

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

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

From September 2017, the number of governance Hub Boards increased to three, due to the growth of the Trust. Each hub includes a school rated as outstanding by Ofsted and a sponsored school. The main remit is to monitor the quality of teaching, pupils attainment, progress and behaviour, and that Church schools continue to develop their Christian distinctiveness, for the schools within their Hub.

From September 2018, a second main committee of the board of directors, the Education Committee has been introduced to focus specifically on pupil outcomes. Governance Hub Boards now report to the Education committee.

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

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

The Chief Executive Officer is the Accounting Officer of the Trust.
The Chief Operations Officer is the Chief Financial Officer of the Trust.
The First Federation schools follow the agreed First Federation Finance policy and procedures detailing the arrangements for the delegation of financial powers. Financial procedures were updated as a result of the growth of the Trust and an update of the financial software.

Directors' Report for the Year Ended 31 August 2018 (continued)

Arrangements for setting pay and remuneration of key management personnel

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

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

CEO remuneration:
The CEO must evidence sustained high quality of performance, with particular regard to leadership, management and pupil progress at the Trust schools and will be subject to a review of performance against their appraisal objectives before any discretionary points will be awarded.
Annual pay progression within the ISR for this post is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.
The salary of the CEO was benchmarked in September 2017 and again in September 2018.

Executive Heads remuneration:
The Executive Heads must evidence sustained high quality of performance, with particular regard to leadership, management and pupil progress at the Trust schools within their hub and will be subject to a review of performance against their appraisal objectives before any discretionary points will be awarded. The Teaching School Lead must evidence the impact of the Teaching School on staff development. Annual pay progression within the ISR for these posts is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.

Heads of Teaching & Learning / Assistant Heads of Teaching & Learning / Unit leaders remuneration:
Heads of Teaching & Learning (or Equivalent) must evidence sustained high quality of their performance in respect of school leadership and pupil progress and will be subject to a review of performance against their performance management objectives before any discretionary points will be awarded.
Annual pay progression within the pay range for these posts is not automatic. Any progression will normally be by one point, but the Directors may consider movement by two points in exceptional circumstances.

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Directors' Report for the Year Ended 31 August 2018 (continued)

In addition, the Directors will make such payments as they see fit to a Teacher, including key management personnel, in respect of:
• Outstanding schools
• Exceptional Performance
• Lead for a school in Ofsted Category
• Sponsor Lead for Sponsor Academy
• National Leader of Education
• Director
• Continuing professional development undertaken outside of the school day
• Activities relating to the provision of initial teacher training as part of the ordinary conduct of the school
• Participation in out-of-hours learning activity agreed between the Teacher and the Executive Headteacher or, in the case of the Executive Head Teacher, between the Executive Headteacher and the CEO or, in the case of the CEO, between the CEO and the governing board.

Key support staff management personnel:
These include the COO, Hub Business Managers and Company Secretary.
The Directors will make such payments as they see fit to Support Staff, including key support staff management personnel in respect of:
• Exceptional Performance
• Continuing professional development undertaken outside of the school day
• Participation in out-of-hours learning activity agreed between the Support Staff member and the Executive Headteacher, COO, CEO or Chair of Directors
• Supporting staff and other schools beyond their school.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period (which is the case of the FFT), it must include information included in Schedule 2 of the Regulations.

No First Federation Trust employees were relevant union officials from 1 April 2017 to 31 March 2018.

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Directors' Report for the Year Ended 31 August 2018 (continued)

Related Parties and other Connected Charities and Organisations

Blackpool CE Primary School was awarded Teaching School status on 1 September 2013. This Teaching School is called Primary Excellence Teaching School and provides services to the First Federation schools as well as to other schools outside the First Federation Trust. During the accounting period, Primary Excellence Teaching School has worked collaboratively with the Devon Local Authorities and other Teaching Schools to submit applications for the Strategic School Improvement Fund. Devon Local Authority commissioned the Teaching School to run one Improving Teacher Programme to help support teachers across the county, particularly those teachers that have been identified as needing support by the Devon School Improvement team leaders.

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

P Jones, CEO until 31 August 2017, is a National Leader of Education and has supported a number of schools causing concerns. A Jenkins is the lead for the Primary Excellence Teaching School and a Specialist Leader of Education. She liaises with other Devon teaching schools, the Devon School Improvement Team, Teaching School Council South West and OLEVI.

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

Objectives and Activities

Objects and Aims

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

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

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

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

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

Objectives, Strategies and Activities

The key objectives and strategies for achieving these objectives are clearly defined in the First Federation Improvement Plan. In addition, the board of directors and the Strategic & Audit committee regularly review and discuss the First Federation pupils performance data (e.g. ASP ((analyse school performance)) and the financial position of the First Federation Trust. Their oversight of pupils performance has been further supported by the work of the governance Hub Advisory Boards. From September 2017, there will be additional oversight from the new Education committee.
Directors have agreed a growth strategy and continued to keep the structure of the Trust under review to ensure it continues to meet the needs of the organisation and is appropriate for the anticipated growth.

A new CEO was appointed during the Autumn term but with effect from 1 September 2017, in accordance with the robust recruitment process agreed by the board.

Public Benefit

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

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

During the accounting period, Primary Excellence Teaching School had delivered a Newly Qualified Teacher development programme, one additional Improving Teacher Programmes, two Outstanding Teacher Programmes, two Outstanding Leaders in Education Programme, one Power of Coaching Programme, two Outstanding Facilitator Programmes and one Outstanding Teaching Assistant Programmes as well as other short courses to help improve the quality of teaching, both within the First Federation Trust schools and in other schools in Devon. Primary Excellence continued to strengthen and grow its partnership with OLEVI by A. Jenkins being accredited as a Designated OLEVI Person, working with other Teaching School Alliances nationally and Quality Assuring providers in the South West. Primary Excellence Teaching School has secured funding through the Equality and Diversity Fund to write and deliver an Aspiring Leader Programme for women leaders. In addition, Primary Excellence trained 10 School Direct Trainees. The Teaching School continued to work in partnership with Plymouth Marjon University to recruit trainees for the following academic year.

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

Strategic Report

Achievements and performance

The vision for the Trust is that:

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

We will achieve our vision if:
- Every child is **inspired to learn** by an exciting, innovative, and challenging curriculum
- Every child is taught by an **Exceptional Teacher**
- Everyone in the Trust is a **Lifelong Learner**

To meet the aspirations of the 'whole child'.

The Trust vision and values are set out in more detail in our strategic improvement plan 2018-2021.

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

Our Federation Church Schools are places where the person of Jesus Christ is at the centre of all the school is and does.

During the accounting period, the Trust has grown from thirteen to fourteen schools. During the 2017-18 academic year, two schools, Gatehouse and Brixington, were inspected by Ofsted. Brixington's outcome improved from its previous inadequate judgement. The school is now 'Requires Improvement' and continues to make steady progress. Gatehouse had been rebrokered to the Regional Schools Commissioner to join the First Federation, due to its poor prior performance. It was judged as an inadequate school, as expected. Gatehouse received its first monitoring visit in the Autumn term, 2018. This visit was positive and conformed the school is progressing well. The Trust was identified as one the twenty best performing Trusts in the country and continues to perform very highly within the local region. The Trust continues to be named in various case studies for good practice in school improvement and leadership by the DfE, Ofsted and the Regional School Commissioner's office.

The schools within the Trust worked to deliver a shared set of objectives with the First Federation as set out in the Improvement Plan (FIP) The key areas of the plan for 2017/18 were:
1. Attainment in Reading/ Writing and Maths to be above the national, regional and local averages
2. Attainment in of pupils with specific needs to be above national, regional and local averages
3. Ensure financial stability across the Trust whilst ensuring standards continue to raise.
Each plan has a shared aim of improving the quality of teaching and learning in all schools, setting children up to become lifelong learners.

Strategic Report

Key Performance Indicators

First Federation Trust Ofsted Judgements

School and date joined First Federation	Ofsted before joining First Federation	Latest Ofsted judgement
Blackpool CE Primary, 2006	Good with Outstanding	Outstanding, 2012
Chudleigh Knighton CE Primary, 2006	Notice to improve, 2006	Good, 2017
Lady Seawards CE Primary School, 2008	Satisfactory	Outstanding, 2016
Salcombe CE Primary School, 2008	Satisfactory	Good, 216
Newton Ferrers CE Primary School, 2010	Good with Outstanding	Outstanding, 2011
Aveton Gifford CE Primary School, 2011	Good with satisfactory Leadership	Good, 2016
Brixington Primary Academy, 2015 (Sponsored)	Inadequate	Requires Improvement, 2018
Westcliff Primary Academy, 2016 (Sponsored)	Requires Improvement	
St Leonards CE Primary, 2016	Outstanding	
Sidmouth CE Primary, 2017	Good with Outstanding L&M	
Musbury Primary, 2017	Requires Improvement	
Hawkchurch CE Primary, 2017	Good	
Gatehouse Primary Academy, 2017 (Sponsored)	Requires Improvement	Special Measures 2017 (following re-brokerage)

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Directors' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

2017-18 KS2 Data

2017-18 Attainment Data - % EXS (Expected Standards) / GDS (Greater Depth)
RWM - Reading, Writing, Maths combined SPAG - Spelling, Punctuation and Grammar

↑indicates difference from last year's results

	RWM EXS+	RWM GDS	Reading EXS+	Reading GDS	Writing EXS+	Writing GDS	Maths EXS+	Maths GDS	SPAG EXS+	SPAG GDS
National	64	10	75	28	78	20	76	24	78	34
South West	63	9	75	28	77	20	74	21	75	30
Devon	64	9	77	30	78	19	75	21	76	29
FFT member all 2017-18/no sponsor	60	10	75	26	77	24	69	20	78	26
AG	53	0	76	18	82	24	53	0	88	18
BPS	73	22=	79	38	80	34↑	86	40	90	48
CK	73	7	80	27	80	27↑	87↑	13	80	13
HAW	20	0=	80=	0=	100↑	40↑	20	0=	80↑	0=
LS	88↑	12	100=	47	88↑	35	100=	29	88	35
MUS	0=	0=	0=	0=	0=	0=	0=	0=	0=	0=
NF	89=	25	93=	57↑	89=	43↑	93=	43↑	89↑	43↑
SAL	36	0=	73↑	0	82↑	36↑	45	0	55	0
SID	48	9↑	67	20↑	77	22↑	60	11	72↑	22↑
STL	65	7	77	23	75	15	73	23	80	27
Sponsor all 2017-18	60↑	7	74↑	28↑	74↑	17↑	72↑	15↑	74↑	28↑
BPX	55↑	8	74↑	25=	74↑	13	75↑	19↑	68=	23
GAT	61↑	7↑	70↑	26↑	74↑	22↑	67↑	9↑	78↑	35↑
WES	63↑	5	78↑	35↑	75↑	15↑	73↑	18↑	78↑	24↑
ROC	50=	0=	60	30	70↑	20↑	60↑	10	60	0
WIL	44↑	6↑	65↑	21↑	68↑	9↑	56↑	18↑	74↑	24↑

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Directors' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

KS2 Progress Data compared to 2017

	Reading		Writing		Maths	
FFT member all 2017-18/no sponsor	2018	2017	2018	2017	2018	2017
AG	-2.3↑	-2.7	-0.4	2.3	-4.5	-2.9
BPS	1.6	3.4	1.2	1.4	1.8	3.9
CK	0.1	4.1	0.9	3.1	1.4	2.9
HAW	-1.9↑	-2.9	2.4↑	-2.7	-7	-5.2
LS	3.1	7.4	2.2	2.9	2.9	4.2
MUS	-9.1	5.8	-13	-5.6	-10	-1.7
NF	2.3	6.3	0.7	3.9	1.3	3.1
SAL	-4	3.4	1.5	3.1	-5.2	-2.3
SID	-2.0↑	-2.0	-0.6↑	-2.4	-3.1	-2.7
STL	-0.7↑	0.8	-1.2	0.2	-0.8↑	-1.8
Sponsor all 2017-18	2018	2017	2018	2017	2018	2017
BPX	-0.9	0.1	-3.3	0.6	-0.8	-2.7
GAT	-2.2↑	-4.2	-1.4↑	-5.7	-3.2↑	-7.3
WES	4.0↑	1.2	2.1↑	-0.7	1.8↑	-1.3
Other	2018	2017	2018	2017	2018	2017
ROC	0.1↑	-0.7	0.3↑	-4.5	-3.3↑	-3.4
WIL	-2↑	-3.7	-2.2↑	-6.6	-2.7↑	-4.8

Strategic Report

Disadvantaged Pupils Attainment Information, Year 6

		RWM EXS+	Reading EXS+	Writing EXS+	Maths EXS+	SPAG EXS+
National Non-PP		67	77	81	80	82
FFT member all 2017-18/no sponsor		33	44	55	33	43
AG	2	50 ↑	50 ↑	100 ↑	50 ↑	100 ↑
BPS	3	66 ↑	33	33	33	33
CK	5	60↑	60↑	60↑	60↑	40
HAW	1	0	0	100	0	0
LS	0	-	-	-	-	-
MUS	2	0	0	0	0	0
NF	3	33	33	33	33	33
SAL	1	0	0	0	0	0
SID	19	21	42	53↑	21↑	40↑
STL	6	67	67	83	83	83
Sponsor all 2017-18		53	63	74	66	72
BPX	12	42	50	75↑	75↑	75↑
GAT	12	50↑	58↑	67↑	50↑	59
WES	14	64↑	79↑	79↑	71↑	79↑
ROC	2	0	50	50	0	50
WIL	6	17	50	7	17	33

Directors' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Disadvantaged Pupil progress compared to 2017

		Reading		Writing		Maths	
FFT member all 2017-18/no sponsor		2018	2017	2018	2017	2018	2017
AG	2	-6.7	-	0.9	-	-6.1	-
BPS	3	-2.3	3.04	0.7	-5.84	-3.4	3.06
CK	5	1.1	2.53	0.4	2.57	0.1	0.57
HAW	1	-7.8	-7.75	0.4↑	-7.76	-6.5	-4.27
LS	0	-	6.2	-	3.29	-	3.93
MUS	2	-9.7	5.84	-13	-5.62	-12	-1.66
NF	3	-5.9	2.5	-11	4.59	-5.9	4.72
SAL	1	-5.2	1.65	-3.4	5.69	-6.2↑	-6.48
SID	19	-5.1	-0.74	-1.8↑	-5.25	-4.7	-3.9
STL	6	-3.9	-0.87	-0.8	2.25	0.5↑	-4.63
Sponsor all 2017-18		2018	2017	2018	2017	2018	2017
BPX	12	-3	-1.95	-2.6	-2.06	-0.8↑	-5.85
GAT	12	-4.8	-3.05	-3.4↑	-6.75	-5.4↑	-7.34
WES	14	3.5↑	2.26	2.7↑	-1.20	1.7↑	-1.99
Joiners		2018	2017	2018	2017	2018	2017
ROC	2	-5		-1.4		-4	
WIL	6	-0.5		-5.1		-6.7	

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

Strategic Report

School to school support

The First Federation is a nationally recognised collaboration of schools. The core element of the federation is the sharing of best practice through distributed leadership. The benefits of this 'hardwired' learning community are:
An absolute focus on improving outcomes for children
Improved teaching and learning through sharing best practice
Enhanced learning and curriculum opportunities for children
A coherent system of professional development, support and accountability
Within the Federation we have access to a National Leader of Education (NLE), a National Support School (NSS) and a team of experience School Improvement Leads. The Trust also worked closely with the Local Authority and Babcock LDP on a range of school improvement initiatives.

Blackpool CE Primary was awarded Teaching School status from September 2013. The Teaching School is called The Primary Excellence Teaching School Alliance. Our strategic partners are: Devon County Council, Babcock LDP, Exeter Diocese, Exeter University, Plymouth University, University of St Mark and St John.

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

During 2017/18, we have worked with over 65 staff from institutions outside of the First Federation delivering nationally recognised programmes: Outstanding Teacher Programme, Improving Teacher Programme and Outstanding Leader of Education Programme, Outstanding Facilitator Programme and Outstanding Teaching Assistant Programme. We have also worked with schools on improving the Leadership capacity and quality of teaching and learning.

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

In 2017, the Primary Excellence Teaching School became a Designated Olevi Centre, this allows the Teaching School to QA and accredit programme on behalf of the programme provider. Over the year, we facilitated nine programmes. The Teaching School also provides teacher training through the Schools Direct route. Ten trainees were on the programme during 2017-8, with seven gaining employment in the First Federation Trust.

The First Federation Trust

Directors' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Financial Governance

The First Federation has been nationally recognised for its innovative and strategic Governance structure. The Trust's Directors have a range of high level skills and expertise in Business and Finance. A chartered accountant, who joined the board in 2015, supports and challenges the very experienced Chief Operating Officer (COO) on all aspects of financial best practice. He also provides the board with the expertise and information enabling them to strongly challenge the decision makers within the Trust.

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

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

Key Financial Performance Indicators

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

Pupil numbers are a key performance indicator, as finances are based on these numbers for the following year. Pupil numbers over the last three Autumn census returns are as below:

School	Autumn 2016	Autumn 2017	Autumn 2018
Aveton Gifford	94	103	100
Blackpool	322	319	315
Brixington	395	393	379
Chudleigh Knighton	111	120	110
Gatehouse	Not yet in the Trust	365	373
Hawkchurch	Not yet in the Trust	29	39
Lady Seaward's	96	100	100
Musbury	Not yet in the Trust	32	37
Newton Ferrers	127	137	124
Rockbeare	Not yet in the Trust	Not yet in the Trust	85
Salcombe	75	69	70
St Leonard's	534	557	No longer in the Trust
Sidmouth	Not yet in the Trust	472	478
Westcliff	335	325	344
Willowbank	Not yet in the Trust	Not yet in the Trust	303
Total	2,089	3,021	2,857

Strategic Report

Going Concern

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

Financial Review

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The First Federation Trust also receives grants from Devon County Council for Individually Assigned Resources to support students who are eligible for either SEN support funding or have an Education and Health Care Plan with associated funding allocation. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted Income.

During the year ended 31 August 2018, the Academy Trust received total income of £17,909,000 and incurred total expenditure of £17,348,000. The excess of income over expenditure for the year was £561,000.

Our pension liability valued in line with IAS 19, causes concern to The First Federation Trust, as it does with all other academies in the UK. Note 28 to the accounts explains these commitments more clearly and shows that as at 31st August 2018 we had a liability of £5,064,000.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy closure, outstanding local government pension scheme liabilities would be met the Department for Education. This guarantee came into force on 18th July 2013.

At 31st August 2018 the net book value of fixed assets was £16,711,000 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils within the Trust.

Following the merger of Genesis Trust with the First Federation Trust we have continued to monitor the financial situation of the former Genesis schools to ensure that they have balanced budgets. The three site issue at Sidmouth CE Primary School is still a concern and we are working with the Regional School Commissioner and Local Authority on how we can address this problem. Gatehouse Primary Academy was also a new joiner to the Trust in 2017. As with all new academies to the Trust we monitor expenditure and trends closely for these schools during the first year so enable us to have a clearer picture of where we can make efficiencies.

Directors' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Brixington Primary Academy reduced the number of Teaching Assistants through a redundancy process in January 2018, these costs are included within the accounts for this year. The budget for the school is now in a manageable position, although there is still work to undertake to bring about a balanced budget.

The FFT received 'School Condition Allocation' funding for the first time this year. This is capital funding provided to Multi Academy Trusts with 5 or more academies and at least 3,000 pupils. Previous years we have had to bid for capital funding via the CIF process. We have commissioned detailed condition surveys to be carried out at all of our schools to enable the FFT to have clearly identified priorities for premises related issues. We have also been informed by the ESFA that we will received the SCA again in 2018/2019.

Westcliff Primary Academy have had an additional 6 new classroom block built on the school site that was funded by Devon County Council. Dawlish has been identified as an area of growth.

Reserves Policy

The Policy of the Trust is to carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies. Individual academies are expected to produce at least breakeven budgets each year, but the Trust also recognises that this is not feasible in some cases where academies have low pupil numbers and lower funding levels from the ESFA. In these cases, the Trust supports those academies in deficit and works with them to return the academy to a surplus position.

Reserves of the Trust are pooled for the Trust as a whole and the consolidated Trust budget is set at least as a breakeven budget.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Academy Trust will operate a cautious and risk averse approach to investing pupil funding, income and reserves. The Academy Trust therefore make no investments, other than cash balances being held in UK banks and their short term investments accounts, to take advantage of higher interest rates, which are all authorised by the Trustees.

Amount Invested	Date Invested	Maturity Date
£300K	2nd August 2018	2nd August 2019
£300K	18th May 2018	20th May 2019
£300K	21st December 2017	13th November 2018
£300K	21st December 2017	27th June 2018* matured
£300K	20th March 2017	20th March 2018 * matured
£500K	23rd September 2016	25th September 2017* matured

Strategic Report

Principal Risks and Uncertainties

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

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

A new CEO (who was previously CEO of Genesis Academy Trust) was appointed with effect from 1 September 2017, following the retirement of the previous CEO, in accordance with the robust recruitment plan agreed by the board of directors during 2016-17.
The board has also put in place governance Hub Boards with a remit to monitor the performance of each hub. The number of schools within each educational hub is expected to grow as the Trust grows.

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

Following a period of significant staff and parental discontent at St Leonard's CE Primary School which the Trust could only partially mitigate, the board of directors discussed with the office of the Regional School Commissioner (RSC) and the Diocese of Exeter the option of transferring the school to another Trust. Consultation took place on this option during the Autumn term 2017 and the transfer of the school to St Christopher's Trust was agreed by the RSC. The school transferred on 1 September 2018. An agreed amount of £60K was paid to St Christopher's Trust for St Leonards on transfer as a result of an identified funding difference due to pupil number variances for 2018/2019.

Fundraising

The FFT does not fund raise directly with the public. There are Parent Teacher Associations in each of the FFT schools which raise funds for their individual schools by running events in their school and/or local community.
The FFT apply for available grants where possible.

Strategic Report

Plans for Future Periods

Our vision is that all schools within the Federation continually improve, ensuring we raise the aspirations for all pupils.

We are planning a year of consolidation and focus on our existing academies. The Trust has grown rapidly and it is important to realign and recalibrate our systems. Future growth will be carefully considered and prioritised in areas where we have capacity and support available.

The Trust will specifically be working on raising attainment and improving progress in Maths and outcomes for disadvantaged pupils. Our revised school improvement model will be rolled out and monitored for its impact to schools.

We will continue to work closely with our Teaching School and increase the number of participating schools from within the Trust and the local area. We will also seek to develop more partnership working with other Trusts and Teaching Schools. Our priorities for development are identifying and supporting emerging leaders and managing workload within assessment systems.

At the heart of everything we do and develop, will always be the aim to ensure that we provide the best outcomes and opportunities for our pupils.

Employment of disabled persons

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

Strategic Report

Description of employee consultation

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

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

The Trust is part of Devon JCC arrangements and holds regular meetings with the recognised trade unions to keep them informed of relevant changes.

Funds held as Custodian Trustee on behalf of others

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

Auditor

In so far as the Directors are aware:

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

The Directors' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on 3.12.18 and signed on its behalf by:

A P Walmsley

....

Mr A P Walmsley

Director

The First Federation Trust

Governance Statement

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

The board of directors has delegated the day-to-day responsibility to Mr P S Walker, (CEO) as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the First Federation Trust and the Secretary of State for Education. He is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

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

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

Mr N J Maguire was in very poor health during most of the accounting period, hence his lack of attendance at meetings. He sadly died on 21 June 2018, after many years of contribution to the governance of Lady Seaward's CE Primary School and the First Federation Trust.

The key changes in the composition of the board were as follows:
• Mr P S Walker was appointed as CEO with effect from 1 September 2017 during the Autumn term 2017.
• Mr C J Frankland was appointed as Foundation director by EDEN with effect from 1 February 2018.
• Mrs A E Gosling resigned her position as Foundation director appointed by EDEN with effect from 30 August 2018 and was appointed as Foundation director by SDBE with effect from 31 August 2018. The change was made because of the strict criteria set for Foundation directors by SDBE, while the criteria for appointment by EDEN are more flexible. This should make it easier to fill the two Foundation director vacancies.

A third governance hub board was put in place, so that there is a governance hub board for each educational hub. The membership of the governance hub boards and attendance at hub board meetings for 2017-18 was as follows:

The First Federation Trust

Governance Statement (continued)

East Hub

Name (role)	Meetings attended	Out of a possible
Mr M O'Mahony (Executive HoTL)	5	5
Mrs A Denner (Chair, director)	5	5
Mrs S Allen (Parent representative 1)	1	5
Mrs J Cuddihy (Parent representative 2)	2	5
Vacancy (Church representative)	N/A	N/A
Dr C Bromfield (Other, director)	3	4

Central Hub

Name (role)	Meetings attended	Out of a possible
Mrs J Huntington (Executive HoTL)	5	5
Mrs A E Gosling (Chair, director)	5	5
Mr D Brown (Parent representative 1)	4	5
Mrs C Pearson (Parent representative 2)	3	4
Rev P Wimsett (church representative, director)	2	5

South Hub

Name (role)	Meetings attended	Out of a possible
Mrs R Caunter (Executive HoTL)	5	5
Mr C J Frankland (chair from Feb 2018, director)	5 (*)	5
Mr A P Walmsley(chair until Jan 2018, director)	1	2
Mrs J Tomlison (parent representative 1)	5	5
Mrs C Guyver (parent representative 2)	1	5
Mrs P Windmill (church representative)	2	4

(*) Two meetings attended prior to his appointment as Foundation director

The board of directors, led by the chair, implemented a system of Key Performance Indicators, to help them better hold to account the CEO on both the educational and financial performance of the FFT. These KPIs cover pupil attainment and progress data (including sub-group such as Pupil Premium and SEN children), pupil behaviour, safeguarding, finances, staff, the teaching school are also shared with the governance hub boards.

Director visits took place at targeted schools to deepen the knowledge of the board about schools needing additional support and/or new to the Trust.

Governance Statement (continued)

A parent representative is elected by parents at each school. Parent representatives visit their own school and another school that they are partnered with. They report the outcome of their visits to the governance hub boards
The key changes in parent representatives were as follows:
• Mrs J Jackson was appointed as parent representative for Aveton Gifford CE Primary School with effect from 2 February 2018 to fill the vacancy left by S Cadle's resignation.
• Mr E Ryan was appointed as parent representative for Gatehouse Primary Academy with effect from 8 January 2018.
• Mrs C Pearson was appointed as parent representative for Lady Seaward's CE Primary School with effect from 14 December 2018 to fill the vacancy left by Mrs J Webb's resignation.
• Mrs K Norman was appointed as parent representative for Musbury Primary School with effect from 4 January 2018.
• Mrs M Hunter-Evans was appointed as parent representative for Westcliff Primary Academy with effect from 10 May 2018 to fill the vacancy left by Mrs C Henderson's resignation.
• Mrs J Cuddihy resigned for her position as parent representative Hawkchurch CE Primary School in July 2018. The vacancy has been advertised at the school.
• The recruitment process at Sidmouth CE Primary School was unsuccessful and the vacancy has been advertised again.
• Mr A Blest was appointed as parent representative for Rockbeare CE Primary School with effect from 13 September 2018.
• Mrs A Patterson was appointed as parent representative for Willowbank Primary School with effect from 18 October 2018.

Governance Statement (continued)

Governance reviews

• Directors were asked in September 2017 to update their National Governors Association skills audit form to ensure any skills gaps are identified. Data training was organised as a result.
Directors were asked to update their forms in September 2018 to continue to help with succession planning and training. A training programme has been put in place for the whole board for 2017-18, and directors have been encouraged to attend specific training for their lead area of responsibility where applicable.

• Governance hub boards were further developed from September 2017, to monitor the performance of sub-groups of schools within the Trust. The vision is that each governance hub will include up to six schools, and will replicate the successful systems introduced by the First Federation Trust when it was smaller. A development morning was held on 23 September 2017 for everybody involved in the governance of the First Federation Trust (members, directors, parent representatives, CEOs, Executive Heads of Teaching & Learning, COO, Hub Business Managers and Company Secretary). The day covered a general update on the Trust (schools, governance & leadership structure, growth strategy summary, challenges and priorities for the year ahead), a presentation on RSC key issues for MATs, a presentation on the work of the Trust Ethos team around Christian Distinctiveness of the FFT church schools and Ethos, a presentation about the work of the Teaching School, as well as interactive session on the information/reports that should be received by each level of governance.
This proved to be very successful and another development morning was held in October 2018. This covered a general update on the Trust (schools, governance & leadership structure, Trust strategic plan), a training session on understanding school data and interactive sessions on the role of hub boards in school improvement and communication within and about the Trust and an update on the FFT Ethos team work.

• Directors are continuing to review the effectiveness of the governance structure, in particular the role of the hub boards and their impact on monitoring individual schools' and hub performance. It was decided to introduce a second main committee to the board of directors, the Education committee from September 2018.

• Directors also noted the changes in the Academy Financial Handbook 2018 and have updated procedures around management accounts and cash flow reporting to ensure the Trust is compliant.

• The format of reports and school improvement documents has been reviewed to ensure the information provided to the different governance levels is focussed, consistent and comprehensive.

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

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

The First Federation Trust

Governance Statement (continued)

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

A local governing board, with an advisory role defined by clear terms of reference, was in place for St Leonard's CE Primary School to help address parental concerns at the school and help find a sustainable resolution for the school. It met three times.
An academy transition board was established for Gatehouse Primary Academy. Its remit, defined by clear terms of reference, is to report on the impact of the school transferring to the First Federation Trust on the quality of teaching, pupils' academic and personal development and pupils' behaviour. It met four times.

Review of Value for Money

As Accounting Officer, Mr Paul Walker (CEO) has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. A large proportion of purchases made by the Academy Trust is paid for with public funds and therefore the Board of Trustees maintains the integrity of such, by following these principles of 'best value':
• Probity - it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy Trust;
• Accountability - the Academy Trust is accountable for its expenditure and the conduct of its affairs;
• Fairness - that all those dealt with by the Academy Trust are made on a fair and equitable basis.
The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate.

The Accounting Officer for the First Federation Trust has delivered improved value for money during the year by:
• By challenging how and why services are provided to all of our academies within the First Federation Trust. We regularly review all of the academy's core functions through requesting regular feedback, target setting, performance indicators and evaluating the impact on pupil outcomes and learning at all times, to ensure continual improvement in all areas of the trust.
• By comparing the performance of the Academy Trust as a whole and also individual academies with other schools and academies from both within and outside of the Academy Trust.
• By promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way possible. Contracts shall always be reviewed and/or re-negotiated at regular intervals where appropriate, recommended with 3 years as the maximum. The lowest tender or price shall generally be accepted but where a different decision is taken, the Board shall always ensure the reasons for this are documented
• By collaborating with academies across the First Federation Trust to obtain high quality and good value products, services and professional development opportunities, as well as developing and growing our own staff and services. This is embedded in the work undertaken through our teaching school, Primary Excellence.
* The First Federation Trust will also achieve Best Value through the following practical methods:
• Bulk and routine purchasing of common consumables'
• Negotiating discounts,
• Being aware of, and taking advantage of, seasonal pricing variations,
• Ensuring alternative quotes are obtained whenever possible.

The Purpose of the System of Internal Control
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the First Federation Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk
The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

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

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

The board of directors has considered the need for a specific internal audit function and has decided to appoint Devon Audit Partnership, as responsible officer (RO). The RO role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO has a termly programme of visits, which covers items in line with the ESFA's requirements, and reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities. The RO produced three reports:
• one in October 2017 (focus on Governance, Accounting and Financial Control - Anti-fraud, and Internal Finance Controls: Salaries, Wages, Expenses and Assets)
• one in March 2018 (focus on Income, Purchases & Payments, Value for Money and Single Central Record)
• one in July 2018 (focus on Risk Management, Contracts and Investments)
which highlighted that the standards of the Trust systems were at least good and in many cases high. All three reports were shared with directors.

Review of Effectiveness
As accounting officer the CEO, Mr P S Walker has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;

The First Federation Trust

Governance Statement (continued)

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

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

Approved by order of the members of the board of directors on 13.12.18 and signed on its behalf by:

....
Mr P Walker
Accounting officer
Director

A P Walmsley
....
Mr A P Walmsley
Director

The First Federation Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The First Federation Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Directors of the First Federation Trust are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

....
Mr P Walker
Accounting officer

Date: 13/12/18

The First Federation Trust

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 13.12.18 and signed on its behalf by:

A P Walmsley

Mr A P Walmsley
Director

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

Opinion

We have audited the financial statements of The First Federation Trust (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and it's environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 32], the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Use of our report

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

PKF Francis Clark

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

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date: 17 December 2018

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

In accordance with the terms of our engagement letter dated 28 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The First Federation Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's Accounting Officer and the reporting Accountant

The Accounting Officer is responsible, under the requirements of The First Federation Trust's funding agreement with the Secretary of State for Education dated 24 January 2013 and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PKF Francis Clark
Sharon Austen
PKF Francis Clark, Chartered Accountants

Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Date: 17 December 2018

The First Federation Trust

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	54	1,613	1,958	3,625
Transfer from local authority on conversion		-	(38)	120	82
Charitable activities:					
Funding for the Academy Trust's educational operations	5	-	13,818	-	13,818
Teaching schools	31	-	112	-	112
Other trading activities	3	259	9	-	268
Investments	4	4	-	-	4
Total		317	15,514	2,078	17,909
Expenditure on:					
Raising funds	6	4	225	-	229
Charitable activities:					
Academy trust educational operations	7	76	16,368	561	17,005
Teaching schools	31	-	114	-	114
Total		80	16,707	561	17,348
Net income/(expenditure)		237	(1,193)	1,517	561
Transfers between funds		(126)	106	20	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	28	-	1,335	-	1,335
Gains/losses on revaluation of fixed assets		-	-	(1,515)	(1,515)
Net movement in funds		111	248	22	381
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		654	(5,040)	17,085	12,699
Total funds/(deficit) carried forward at 31 August 2018		765	(4,792)	17,107	13,080

The First Federation Trust

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

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016/17 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	29	1,242	348	1,619
Transfer from existing academy trust		(82)	(1,879)	7,105	5,144
Charitable activities:					
Funding for the Academy Trust's educational operations	5	1	10,091	-	10,092
Teaching schools		-	105	-	105
Other trading activities	3	302	57	-	359
Investments	4	9	-	-	9
Total		259	9,616	7,453	17,328
Expenditure on:					
Raising funds	6	1	177	-	178
Charitable activities:					
Academy trust educational operations	7	181	11,721	431	12,333
Teaching schools		-	148	-	148
Total		182	12,046	431	12,659
Net income/(expenditure)		77	(2,430)	7,022	4,669
Transfers between funds		(11)	(196)	207	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	28	-	562	-	562
Net movement in funds/(deficit)		66	(2,064)	7,229	5,231
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		588	(2,976)	9,856	7,468
Total funds/(deficit) carried forward at 31 August 2017		654	(5,040)	17,085	12,699

The First Federation Trust

(Registration number: 07819870)
Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	13	37	38
Tangible assets	14	16,711	16,808
		16,748	16,846
Current assets			
Stocks	16	38	36
Debtors	17	1,550	1,506
Cash at bank and in hand		2,031	1,731
		3,619	3,273
Creditors: Amounts falling due within one year	18	(2,130)	(1,972)
Net current assets		1,489	1,301
Total assets less current liabilities		18,237	18,147
Creditors: Amounts falling due after more than one year	19	(93)	(39)
Net assets excluding pension liability		18,144	18,108
Defined benefit pension scheme liability	28	(5,064)	(5,409)
Total net assets		13,080	12,699
Funds of the Academy:			
Restricted funds			
Restricted general fund		272	369
Restricted fixed asset fund		17,107	17,085
Restricted pension fund		(5,064)	(5,409)
		12,315	12,045
Unrestricted funds			
Unrestricted general fund		765	654
Total funds		13,080	12,699

The financial statements on pages 38 to 74 were approved by the Directors, and authorised for issue on 13/12/18 and signed on their behalf by:

A P Walmsley

....
Mr A P Walmsley
Governor

The First Federation Trust

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	24	242	137
Cash flows from investing activities	26	83	(154)
Cash flows from financing activities	25	(25)	(1)
Change in cash and cash equivalents in the year		300	(18)
Cash and cash equivalents at 1 September		1,731	1,749
Cash and cash equivalents at 31 August		2,031	1,731

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

Basis of preparation

The financial statements of the Academy Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going concern

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

Income

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

Grants

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

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

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

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

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

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Transfer of existing academies into the trust

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

1 Accounting policies (continued)

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	**Amortisation method and rate**
Software	5 years

1 Accounting policies (continued)

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

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

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

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

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

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

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

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

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

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

Taxation

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

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

1 Accounting policies (continued)

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Consolidation

The Trust has one subsidiary undertaking, which is wholly immaterial to the group and, accordingly, consolidated financial statements have not been prepared. Further details regarding the subsidiary undertaking are given in note 15 to the financial statements.

Agency accounting

The Academy Trust acts as an agent in providing catering services to twelve (2017: eleven) schools. Payments received from parents and subsequent expenditure is excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Other voluntary income					
Educational trips, visits and clubs	-	572	-	572	439
Capital grants	-	-	487	487	348
Other donations	54	1,041	21	1,116	832
Donated fixed assets	-	-	1,450	1,450	-
	54	1,613	1,958	3,625	1,619

3 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Hire of facilities	47	-	47	34
Non pupil catering income	61	-	61	78
School shop sales	21	-	21	13
Recharges and reimbursements	23	-	23	82
Other income	107	9	116	152
	259	9	268	359

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Investment income

	Unrestricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Short term deposits	4	4	9

5 Funding for Trust's educational operations

	Restricted funds £ 000	Total 2017/18 £ 000	Total 2016/17 £ 000
DfE/ESFA revenue grants			
General Annual Grant (GAG)	11,539	11,539	8,556
Pupil Premium	710	710	448
PE and Sports	246	246	80
Start Up Grants	50	50	70
Universal Infants Free School Meals	477	477	367
	13,022	13,022	9,521
Other government grants			
SEN/High Needs Income	312	312	311
Other LA funding	49	49	124
Nursery Plus Funding	179	179	136
Nursery Funding	246	246	-
	786	786	571
Non-government grants and other income			
Notional Apprenticeship Levy income	5	5	-
Other income	5	5	-
	10	10	-
Total grants	13,818	13,818	10,092

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Staff costs £ 000	Non Pay Expenditure Premises £ 000	Other costs £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Expenditure on raising funds					
Direct costs	-	-	229	229	178
Academy's educational operations					
Direct costs	9,623	-	525	10,148	7,322
Allocated support costs	2,775	2,873	1,209	6,857	5,011
Teaching School	66	-	48	114	148
	12,464	2,873	2,011	17,348	12,659

Net income/(expenditure) for the year includes:

	2017/18 £ 000	2016/17 £ 000
Operating leases - other leases	70	39
Fees payable to auditor - audit	23	15
- other audit services	6	7

7 Charitable activities

	Total 2017/18 £ 000	Total 2016/17 £ 000
Direct costs - educational operations	10,148	7,322
Support costs - educational operations	6,857	5,011
	17,005	12,333

	Educational operations £ 000	Total 2017/18 £ 000	Total 2016/17 £ 000
Analysis of support costs			
Support staff costs	2,775	2,775	1,915
Depreciation	561	561	431
Premises costs	2,312	2,312	1,715
Other support costs	1,160	1,160	877
Governance costs	49	49	73
Total support costs	6,857	6,857	5,011

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

Staff costs

	2017/18 £ 000	2016/17 £ 000
Staff costs during the year were:		
Wages and salaries	8,920	6,671
Social security costs	775	538
Pension costs	2,349	1,533
	12,044	8,742
Supply teacher costs	344	270
Staff restructuring costs	107	34
	12,495	9,046

	2017/18 £ 000	2016/17 £ 000
Staff restructuring costs comprise:		
Redundancy payments	88	-
Severance payments	19	34
	107	34

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18,561 (2017: £33,810). Individually, the payments were:

Non-contractual payments £18,561 made on 31 August 2018

Staff numbers

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

	2017/18 No	2016/17 No
Charitable Activities		
Teachers	276	189
Administration and support	75	72
Management	10	14
	361	275

Staff numbers

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

	2017/18 No	2016/17 No
Charitable Activities		
Teachers	359	282
Admin and support	183	95
Management	10	11
	552	388

Higher paid staff

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

	2017/18 No	2016/17 No
£60,001 - £70,000	4	1
£70,001 - £80,000	1	1
£100,001 - £110,000	1	-
£140,001 - £150,000	-	1

8 Staff (continued)

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on pages 1 and 2 . The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,479,356 (2017: £1,029,431). The key management personnel has increased since 2017/18 due to the new structure within the Trust.

9 Central services

From the start of the year the Trust pooled its reserves. Therefore, no central services were provided by the Academy Trust to its academies during the period and no central charges arose.

10 Related party transactions - Trustees' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

Mr P Walker (Executive headteacher):

Remuneration: £100,000 - £105,000 (2017 - £Nil)
Employer's pension contributions: £15,000 - £20,000 (2017 - £Nil)

Mr P L Jones (Executive Headteacher):

Remuneration: £Nil (2017 - £140,000 - £145,000)
Employer's pension contributions: £Nil (2017 - £20,000 - £25,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £718 (2017 - £3,266) were reimbursed or paid directly to 2 Directors (2017 - 2).

Other related party transactions involving the Directors are set out in note 29.

11 Directors' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £2,500 (2017 - maximum cover of £5,000,000 at a cost of £2,500). The cost of this insurance is included in the total insurance cost.

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

12 Connected charities

- The aggregate amount of the entity's assets is £99,000 (2017: £72,000)
- The aggregate amount of the entity's liabilities is £1,000 (2017: £5,000)
- The aggregate amount of the entity's funds is £98,000 (2017: £67,000)
- The total turnover of the entity is £111,000 (2017: £73,000)
- The total expenditure of the entity is £101,000 (2017: £55,000)
- Profit for the year is £10,000 (2017: £18,000)

13 Intangible fixed assets

	Software £ 000	Total £ 000
Cost		
At 1 September 2017	53	53
Additions	11	11
At 31 August 2018	64	64
Amortisation		
At 1 September 2017	15	15
Charge for the year	12	12
At 31 August 2018	27	27
Net book value		
At 31 August 2018	37	37
At 31 August 2017	38	38

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and fixtures £ 000	Plant and equipment £ 000	Total £ 000
Cost					
At 1 September 2017	3,441	13,005	739	904	18,089
Revaluations	-	(1,515)	-	-	(1,515)
Additions	-	1,843	66	58	1,967
At 31 August 2018	3,441	13,333	805	962	18,541
Depreciation					
At 1 September 2017	94	177	381	629	1,281
Charge for the year	50	132	171	196	549
At 31 August 2018	144	309	552	825	1,830
Net book value					
At 31 August 2018	3,297	13,024	253	137	16,711
At 31 August 2017	3,347	12,828	358	275	16,808

14 Tangible fixed assets (continued)

During the year the ESFA valuations for Sidmouth, Hawkchurch and Musbury schools became available. As a result, the land buildings which were previously valued on the basis of the insurance valuations have been revalued to the ESFA values, in line with the other schools within the Multi-Academy Trust.

The asset classes of fixed assets have been restated in line with the updated guidance in the Academies Accounts Direction 2017 to 2018. There is no change to the total net book value of fixed assets as at 31 August 2017.

The Academy Trust's transactions relating to land and buildings included:

• Acquisition of the leasehold building for a classroom at Westcliff Primary Academy which was donated to the Academy Trust at a value of £1,450,000
• Additions of the leasehold building for a classroom at Lady Seaward's CE Primary School totalling £196,000 which was funded by the ESFA. This is Exeter Diocese property occupied by the Academy Trust and is being depreciated over its estimated useful life of 50 years.

15 Investments

The Academy has a wholly owned subsidiary, First Beginnings Limited, a company incorporated in England & Wales. The principal activity of the company is the operation of a nursery. Turnover for the year ended 31 August 2018 was £76,794 (2017: £62,401), expenditure was £76,794 (2017: £61,586) and the profit/(loss) for the year was £Nil (2017: £815). The assets of the company at 31 August 2018 were £3,128 (2017: £Nil), liabilities were £2,313 (2017: £815) and capital and reserves were £815 (2017: £815).

Included within the income of First Federation is £9,000 (2017: £56,000) in respect of a management charge to First Beginnings Limited.

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

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Stock

	2018 £ 000	2017 £ 000
Books and stationery	26	26
Catering	1	2
Cleaning	1	-
Clothing	10	8
	38	36

17 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	9	6
Prepayments	1,245	966
Accrued grant and other income	194	344
VAT recoverable	95	100
Amounts due from First Beginnings Limited	-	56
Other debtors	7	34
	1,550	1,506

18 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Loans	26	25
Trade creditors	255	255
Other taxation and social security	189	172
Pension scheme creditor	182	167
Accruals	101	198
Deferred income	1,372	1,153
Other creditors	3	2
Amounts owed to First Beginnings Limited	2	-
	2,130	1,972

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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

	2018 £ 000	2017 £ 000
Deferred income		
Deferred income at 1 September 2017	1,153	936
Resources deferred in the period	1,372	1,153
Amounts released from previous periods	(1,153)	(936)
Deferred income at 31 August 2018	1,372	1,153

At the balance sheet date the Academy Trust was holding funds received in advance for rates relief, UIFSM, trips, notional rent, Parentpay credit balances, Parent Support Allocation and nursery funding.

Included within loans is a loan of £1,000 from ESFA which is provided on the following terms: The Salix loan is an interest free loan which is repayable in equal instalments over the next 6 years.

Included within loans is a loan of £17,000 from Devon County Council which is provided on the following terms: The VELP loan was taken out prior to conversion of the Genesis Academy Trust for the purchase of ICT equipment. The interest rate payable is 3.75% and matures on 1 March 2020.

Included within loans is a loan of £8,000 from ESFA which is provided on the following terms: The CIF loan is repayable in equal instalments over the next 10 years. The interest rate payable is 1.23% and matures on 1 September 2028.

19 Creditors: amounts falling due after one year

	2018 £ 000	2017 £ 000
Other creditors	93	39

Loans of £5,000 from ESFA which is provided on the following terms: The Salix loan is an interest free loan which is repayable in equal instalments over the next 6 years.

Loans of £16,000 from Devon County Council which is provided on the following terms: The VELP loan was taken out prior to conversion of the Genesis Academy Trust for the purchase of ICT equipment. The interest rate payable is 3.75% and matures on 1 March 2020.

Loans of £72,000 from ESFA which is provided on the following terms: The CIF loan is repayable in equal instalments over the next 10 years. The interest rate payable is 1.23% and matures on 1 September 2028.

The First Federation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant	115	11,539	(11,769)	115	-
Pupil Premium	-	710	(705)	-	5
SEN/High Needs Income	-	312	(312)	-	-
Trips and visits	-	199	(200)	1	-
Nursery recharges and reimbursements	-	9	(9)	-	-
Nursery Funding	-	246	(246)	-	-
Teaching School Grants and Income	23	112	(114)	(3)	18
Clubs	123	373	(386)	-	110
PE and Sports	-	246	(219)	(27)	-
UIFSM	-	477	(477)	-	-
Start Up Grants	-	50	(19)	(11)	20
Other restricted donations	10	11	-	7	28
Nursery Plus Funding	79	179	(220)	-	38
Other grants	3	54	(1)	(3)	53
Notional rent	-	991	(991)	-	-
Notional Apprenticeship Levy	-	5	(5)	-	-
Other ESFA grants	-	-	(43)	43	-
Deficit inherited from existing academy on conversion	(2)	-	-	2	-
General Annual Grant - Gatehouse	11	-	-	(11)	-
Other restricted donations - Gatehouse	7	-	-	(7)	-
Funds received on conversion from LA	-	28	(28)	-	-
	369	15,541	(15,744)	106	272
Restricted fixed asset funds					
Other LA Capital	12,249	1,658	(229)	(1,515)	12,163
Capital expenditure from GAG	232	-	(87)	11	156
DfE/ESFA Capital Grants	743	56	(118)	3	684
Parish Council	5	-	-	-	5

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Funds (continued)

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Start Up Grants	22	-	(9)	11	24
Capital expenditure from Clubs	1	-	(1)	-	-
Capital expenditure from donations	16	21	(13)	-	24
School Capital Allocation	-	343	-	(38)	305
Capital expenditure from unrestricted funds	8	-	(3)	-	5
Gatehouse	3,809	-	(97)	-	3,712
Teaching School	-	-	(1)	3	2
PE and Sports	-	-	(3)	30	27
	17,085	2,078	(561)	(1,495)	17,107
Restricted pension funds					
Defined Benefit Pension Liability	(5,409)	(27)	(963)	1,335	(5,064)
Total restricted funds	12,045	17,592	(17,268)	(54)	12,315
Unrestricted funds					
Unrestricted general funds	654	317	(80)	(126)	765
Total funds	12,699	17,909	(17,348)	(180)	13,080

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant	248	8,556	(8,518)	(171)	115
Pupil Premium	-	448	(448)	-	-
SEN/High Needs Income	-	311	(311)	-	-
Recharges and reimbursements	-	1	(1)	-	-
Trips and visits	7	132	(149)	10	-
Nursery recharges and reimbursements	6	56	(62)	-	-

20 Funds (continued)

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Teaching School Grants and Income	66	105	(148)	-	23
Clubs	69	307	(253)	-	123
UIFSM	-	367	(367)	-	-
Start Up Grants	36	70	(94)	(12)	-
Other restricted donations	-	33	-	(23)	10
Nursery Plus Funding	77	136	(134)	-	79
Other grants	-	203	(200)	-	3
Notional rent	-	770	(770)	-	-
Deficit inherited from existing academy on conversion	-	(2)	-	-	(2)
General Annual Grant - Gatehouse	-	11	-	-	11
Other restricted donations - Gatehouse	-	7	-	-	7
	509	11,511	(11,455)	(196)	369
Restricted fixed asset funds					
Other LA Capital	9,204	3,242	(197)	-	12,249
Capital expenditure from GAG	147	11	(90)	164	232
DfE/ESFA Capital Grants	481	375	(110)	(3)	743
Parish Council	5	-	-	-	5
Start Up Grants	16	-	(6)	12	22
Capital expenditure from Clubs	3	-	(2)	-	1
Capital expenditure from donations	-	-	(7)	23	16
Capital expenditure from unrestricted funds	-	-	(3)	11	8
Gatehouse	-	3,825	(16)	-	3,809
	9,856	7,453	(431)	207	17,085
Restricted pension funds					
Defined Benefit Pension Liability	(3,485)	(1,895)	(591)	562	(5,409)
Total restricted funds	6,880	17,069	(12,477)	573	12,045
Unrestricted funds					
Unrestricted general funds	588	259	(182)	(11)	654

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Funds (continued)

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Total funds	7,468	17,328	(12,659)	562	12,699

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant	248	20,095	(20,287)	(56)	-
Pupil Premium	-	1,158	(1,153)	-	5
SEN/High Needs Income	-	623	(623)	-	-
Recharges and reimbursements	-	1	(1)	-	-
Trips and visits	7	331	(349)	11	-
Nursery recharges and reimbursements	6	65	(71)	-	-
Nursery Funding	-	246	(246)	-	-
Teaching School Grants and Income	66	217	(262)	(3)	18
Clubs	69	680	(639)	-	110
PE and Sports	-	246	(219)	(27)	-
UIFSM	-	844	(844)	-	-
Start Up Grants	36	120	(113)	(23)	20
Other restricted donations	-	44	-	(16)	28
Nursery Plus Funding	77	315	(354)	-	38
Other grants	-	257	(201)	(3)	53
Notional rent	-	1,761	(1,761)	-	-
Notional Apprenticeship Levy	-	5	(5)	-	-
Other ESFA grants	-	-	(43)	43	-
Deficit inherited from existing academy on conversion	-	(2)	-	2	-
General Annual Grant - Gatehouse	-	11	-	(11)	-
Other restricted donations - Gatehouse	-	7	-	(7)	-

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Funds (continued)

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Funds received on conversion from LA	-	28	(28)	-	-
	509	27,052	(27,199)	(90)	272
Restricted fixed asset funds					
Other LA Capital	9,204	4,900	(426)	(1,515)	12,163
Capital expenditure from GAG	147	11	(177)	175	156
DfE/ESFA Capital Grants	481	431	(228)	-	684
Parish Council	5	-	-	-	5
Start Up Grants	16	-	(15)	23	24
Capital expenditure from Clubs	3	-	(3)	-	-
Capital expenditure from donations	-	21	(20)	23	24
School Capital Allocation	-	343	-	(38)	305
Capital expenditure from unrestricted funds	-	-	(6)	11	5
Gatehouse	-	3,825	(113)	-	3,712
Teaching School	-	-	(1)	3	2
PE and Sports	-	-	(3)	30	27
	9,856	9,531	(992)	(1,288)	17,107
Restricted pension funds					
Defined Benefit Pension Liability	(3,485)	(1,922)	(1,554)	1,897	(5,064)
Total restricted funds	6,880	34,661	(29,745)	519	12,315
Unrestricted funds					
Unrestricted general funds	588	576	(262)	(137)	765
Total funds	7,468	35,237	(30,007)	382	13,080

21 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	37	37
Tangible fixed assets	-	-	16,711	16,711
Current assets	765	2,495	359	3,619
Current liabilities	-	(2,130)	-	(2,130)
Creditors over 1 year	-	(93)	-	(93)
Pension scheme liability	-	(5,064)	-	(5,064)
Total net assets	765	(4,792)	17,107	13,080

Comparative information in respect of the preceding period is as follows:

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

22 Capital commitments

	2018 £ 000	2017 £ 000
Contracted for, but not provided in the financial statements	-	247

23 Financial commitments

Operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £ 000	2017 £ 000
Amounts due within one year	63	55
Amounts due between one and five years	139	106
	202	161

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

	2018 £ 000	2017 £ 000
Net income	561	4,669
Amortisation	12	7
Depreciation	549	424
Capital grants from DfE and other capital income	(487)	(348)
Non-cash assets transferred on conversion to an academy trust	(120)	(6,962)
Interest receivable	(4)	(9)
Defined benefit pension scheme obligation inherited	66	1,895
Defined benefit pension scheme transferred out	(39)	-
Defined benefit pension scheme cost less contributions payable	824	511
Defined benefit pension scheme finance cost	139	80
(Increase)/decrease in stocks	(2)	3
(Increase)/decrease in debtors	(44)	92
Increase/(decrease) in creditors	237	(225)
Donated capital	(1,450)	-
Net cash provided by operating activities	242	137

25 Cash flows from financing activities

	2018 £ 000	2017 £ 000
Repayments of borrowing	(25)	(1)
Net cash used in financing activities	(25)	(1)

26 Capital expenditure and financial investment

	2018 £ 000	2017 £ 000
Dividends, interest and rents from investments	4	9
Purchase of intangible fixed assets	(11)	(7)
Purchase of tangible fixed assets	(1,967)	(504)
Capital grants from DfE/ESFA	487	348
Donated capital	1,450	-
Fixed assets on transfer to academy trust	120	-
Net cash provided by/(used in) investing activities	83	(154)

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 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.

28 Pension and similar obligations

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

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

Contributions amounting to £(182,000) (2017 - £(167,000)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

28 Pension and similar obligations (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £952,000 (2017: £680,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £741,000 (2017 - £523,000), of which employer's contributions totalled £551,000 (2017 - £398,000) and employees' contributions totalled £190,000 (2017 - £125,000). The agreed contribution rates for future years are 15.4% plus £5,756 per month per cent for employers and 5.5%-12.5% per cent for employees.

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

Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	3.80	4.20
Rate of increase for pensions in payment/inflation	2.30	2.70
Discount rate for scheme liabilities	2.70	2.60

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28 Pension and similar obligations (continued)

	2018	2017
Retiring today		
Males retiring today	23.50	23.40
Females retiring today	25.60	25.50
Retiring in 20 years		
Males retiring in 20 years	25.80	25.70
Females retiring in 20 years	28.00	27.90

Sensitivity analysis on scheme liabilities

	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	10,383	9,786
Discount rate -0.1%	10,877	10,250
Mortality assumption – 1 year increase	10,976	10,342
Mortality assumption – 1 year decrease	10,289	9,699
CPI rate +0.1%	10,848	10,207
CPI rate -0.1%	10,412	9,829

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

	At 31 August 2018 £ 000	At 31 August 2017 £ 000
Equities	3,356	2,728
Gilts	176	141
Alternative assets	284	250
Infrastructure	200	178
Other bonds	108	114
Property	503	402
Cash and other liquid assets	86	109
Target return portfolio	850	684
Total market value of assets	5,563	4,606

The actual return on scheme assets was £309,000 (2017 - £306,000).

28 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	(1,303)	(909)
Interest income	128	60
Interest cost	(264)	(140)
Total amount recognised in the SOFA	(1,439)	(989)

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

	2017/18 £ 000	2016/17 £ 000
At start of period	10,015	5,688
Conversion of academy trusts	6	-
Transferred in on existing academies joining the trust	-	3,370
Current service cost	1,303	909
Interest cost	264	140
Employee contributions	190	125
Actuarial (gain)/loss	(1,149)	(288)
Benefits paid	(74)	(36)
Past service cost	72	-
Effect of non-routine settlements	-	107
At 31 August	10,627	10,015

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

	2017/18 £ 000	2016/17 £ 000
At start of period	4,606	2,203
Conversion of academy trusts	(21)	-
Transferred in on existing academies joining the trust	-	1,475
Interest income	125	58
Actuarial gain/(loss)	186	383
Employer contributions	551	398
Employee contributions	190	125
Benefits paid	(74)	(36)
At 31 August	5,563	4,606

29 Related party transactions

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

Income related party transactions
During the year the academy made the following related party transactions:

Centre Stage (Devon)
(Paul Walker is a Trustee)
During the year there were transactions totalling £1,470 in relation to rentals at Brixington Primary Academy. At the balance sheet date the amount due from Centre Stage (Devon) was £nil.

30 Agency arrangements

The Academy Trust provides catering to students as an agent. In the accounting period ending 31 August 2018 the trust received £227,000 and disbursed £227,000 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable.

31 Teaching school trading account

	2017/18 £ 000	2016/17 £ 000
Income		
Direct Income		
Other income	112	105
Total Income	112	105
Expenditure		
Direct costs		
Direct staff costs	69	97
Staff development	1	7
Other direct costs	11	-
Total direct costs	81	104
Other costs		
Support staff costs	9	24
Technology costs	6	1
Other support costs	18	19
Total other costs	33	44

31 Teaching school trading account (continued)

	2017/18 £ 000	2016/17 £ 000
Total Expenditure	(114)	(148)
Transfers between funds excluding depreciation	(3)	-
Deficit from all sources	(5)	(43)
Teaching school balances at 1 September 2017	23	66
Teaching school balances at 31 August 2018	18	23

32 Events after the end of the reporting period

On 1 September 2018 the net assets of St Leonard's School were transferred to St Christopher's (Primary) MAT under the terms of a transfer agreement signed on 31 August 2018. In accordance with ESFA guidelines, this transfer is being treated in the accounts as taking place on 1 September 2018.

33 Conversion to an academy trust

On 1 December 2017 the Rockbeare CE Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The First Federation Trust from the Devon County Council Local Authority for £Nil consideration.

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

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

	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total £ 000
Tangible fixed assets			
Leasehold land and buildings	-	120	120
Budget surplus on LA funds	28	-	28
LGPS pension deficit	(66)	-	(66)
Net (liabilities)/assets	(38)	120	82

The above net assets include £28,000 that were transferred as cash.