

Registered number: 07768645

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 13
Governance Statement	14 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditors' Report on the Financial Statements	20 - 22
Independent Reporting Accountant's Assurance Report on Regularity	23 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 49

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Gemma Ronte (resigned 24 April 2017)
Julian Coningham
Kate Amis
Tom Gately (appointed 24 April 2017, resigned 16 November 2017)
Mike Gibson (appointed 24 April 2017, resigned 8 December 2017)
Brian Ledbetter (appointed 24 April 2017)

Trustees

Sarah Atherton
Brian Ledbetter
Olivier Huez (resigned 31 October 2017)
Geraldine Burke (resigned 27 April 2017)
Gemma Ronte (resigned 27 April 2017)
John Grove, Head Teacher
Fiona Wilkins (resigned 31 October 2017)
Julian Coningham, Chair of Trustees
Tricia Owens (resigned 21 March 2017)
Hilary Clarke (resigned 31 October 2017)
Claire Antrobus (resigned 31 July 2017)
Rachael Dupont (appointed 20 June 2017)
Liz Stoyel, Deputy Chair (appointed 1 August 2017)
Geoff Morris (appointed 1 November 2017)
Karen Parkinson (appointed 1 November 2017)
Nathalie Hankey (resigned 12 October 2016)
Elen McFayden (resigned 3 October 2016)

Company registered number

07768645

Company name

Quality First Education Trust

Principal and registered office

Belleville Road
London
SW11 6PR

Company secretary

Aderemi Shodipe

Senior leadership team

John Grove, Head Teacher
Sarah Atherton, Belleville Junior Head Teacher
Mary-Lyne Latour, Belleville Infant Head Teacher
Rebecca Osuntokun, Acting Wix Head Teacher
Jane Ford, Meteor Head Teacher

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

James Canniford, Director of English
Ben Matthews, Director Teaching School
Karen Taylor, Head of Maths
Claire Antrobus, Director of Inclusion
Charlotte Meade, Director of Projects
Ruth Hudson, Alton Head Teacher
Aderemi Shodipe, Director of Finance

Independent auditors

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

Bankers

HSBC
16 King street
London
WC1V 6AY

Solicitors

Browne Jacobson LLB
77 Gracechurch Street
London
EC3V 0AS

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

The Quality First Education Trust was established by Belleville Primary School, a large, outstanding school in south west London with over 900 children on two sites.

Belleville School

Belleville has been an academy trust since 2011, converting to a multi academy trust in April 2017 with the new name of Quality First Education Trust.

Belleville is a large, popular and successful school, with approximately 900 pupils. The pupils and families who attend Belleville reflect the diversity of Wandsworth and London with a huge variety of languages, cultures and backgrounds represented here. The growth in our school numbers reflects the excellent quality of education we provide. The popularity of the school has led to us being asked to expand and we now have the largest intake in Wandsworth, with 120 children entering Reception each year plus an additional Reception class in 2016/17.

Established in 1877, Belleville Primary is an "Outstanding School" (Ofsted 2007) which prides itself on providing an excellent, broad and balanced curriculum and ensuring high standards in the core subject areas of Reading, Writing and Maths. In our relentless drive for excellence and equality, our aim is that all pupils should be safe, develop as excellent learners, have excellent social and emotional skills and fulfil their potential.

Belleville- Wix Academy

Belleville Wix Academy joined the Trust in August 2017 as a sponsored academy. Also in August 2017, The Alton Primary School chose to convert to an academy and join us in formal partnership.

Belleville Wix Academy is a one and a half form entry school, very close to Clapham Common in South London. Belleville Wix shares their site with ecole de Wix, a French primary school which is annexed to the Lycee Charles de Gaulle in South Kensington. They are two separate schools, running three different teaching streams! One class per year group, run exclusively by ecole de Wix, is taught the French National Curriculum; one class per year group, run exclusively by Belleville Wix Academy, is taught the English National Curriculum, and one class per year group is a bilingual class, which is shared between the two schools and run on a two-way immersion basis, whereby the children learn for half the week in French, based upon the French National Curriculum and half the week in English, based on the English National Curriculum. Wherever possible, the bilingual classes share their learning across both languages and both curricula. The class provision across the streams is individual but consistently fair and equal, as per parental preference and all children on site, no matter which stream, play together, share together, eat together and learn together at every opportunity.

The Alton Academy

The Alton Primary School chose to convert to an academy and join us in formal partnership. The Alton is an inclusive community school, next to Richmond Park. They have extensive facilities that offer children a wide array of fantastic, vibrant and diverse opportunities. Alton is also home to a small Resource Base for children with moderate learning difficulties. Alton has a Breakfast Club and a vast range of co-curricular activities and after school clubs to ensure children receive a rounded education.

Churchfields Primary School

Churchfields Primary School in Beckenham joined the Trust on 1 November 2017. We expect the Trust to grow further in the near future.

The Quality First Education Trust includes the following academies, all of which have Local Governing Bodies (LGB's): (Academy, address, Head Teacher):

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Belleville Primary Academy, Belleville Road, London SW11 6PR, John Grove Executive Head
Belleville Wix Primary Academy, Wix's Lane, London SW4 0AJ, Rebecca Osuntokun (Acting Head teacher)
The Alton Academy, Danebury Avenue, London SW15 4PD, Ruth Hudson

Schools joining the Trust from 1 November 2017

Churchfield Primary Academy, Churchfields Rd, Beckenham BR3 4QY, Tom Hindley

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 Quality First Education Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details on page 1.

The principal object of the Academy is to provide education to students between the ages of 4 and 11.

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.

Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the articles of association and funding agreement. The recruitment and succession planning of Trustees must match Quality first Education Trust vision for the next five years. The skills profile of the Board must reflect the governance needs of the Trust.

The following skills categories set out the broad range of skills, knowledge or prior experiences that is expected to be held across the Board:

1. Leadership and Policy
2. Education Performance and Curriculum
3. Finance
4. Risk and Audit
5. Constitutional Governance
6. Strategic Partnerships, External Relationships and Public Relationships
7. Engagements with internal stakeholders
8. Human Resources
9. Estates and Property
10. Health, safety and safeguarding

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Quality First Education Trust (Q1ET) Board requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board carries out a skills audit of Trustees annually to inform the recruitment process, using the categories above to inform decision-making. The steps towards recruiting and appointing a new trustee are set out below:

1. Create and distribute Trustee role specification

A 'Roles and Responsibilities' document outlining the expectations of a Q1ET Trustee is circulated to all potential candidates.

2. Nominations

Nominations may be received from people outside Q1ET but a member of the Board or trusted staff member will take over as nominator in this case so that each candidate is 'owned' by someone within the organisation. The nominator should be prepared to champion the candidate through the selection process, advocate for the candidate's fit with Q1ET, coach the candidate, act as primary point of contact between Q1ET and the candidate, and support contract signing and on-boarding.

3. Decision and appointment to Q1ET Board

Final ratification of a potential appointment is provided by the overall Board at the subsequent Board meeting. Once this has been approved successful candidates can commence as a Q1ET Trustee.

Policies and procedures adopted for the induction and training of Trustees

New Trustees are inducted into the workings of the Academy Trust, and also the requirements of the Academy Trust being a Company and exempt Charity. A number of Trustees have attended professional training courses in the period to allow them to efficiently fulfil their duties.

During the period under review, the training and induction provided for new trustees will depend on their experience. An induction meeting is undertaken to provide training on charity and educational, legal and financial matters. This series of meetings also sets out the strategy and objectives of the Trust along with the values and vision.

All new trustees are given a tour of at least one of the academies in the group, and a chance to meet with staff and students. All trustees are provided with copies of the Trust policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the Trust.

On-going governance reviews and training programs are encouraged for all trustees to ensure they continue to make an effective contribution and are keeping up to date with changes in legislation.

Organisational structure

The organisational structure of the Academy Trust consists of two levels:

- The Trust Board, which includes the CEO
- The Executive Management Team

The Quality First Education Trust is governed by a board of directors (which is also the governing body) constituted under the memorandum and articles of association. The directors are responsible for ensuring that high standards of corporate governance are maintained, the directors exercise their powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Quality First Education Trust and shall consider any advice given by the CEO, addressing such matters as:

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Policy development and strategic development,
- Ensuring sound management and administration of the Quality First Education Trust,
- Ensuring compliance with legal requirements,
- Ensuring effective internal controls are in operation,
- The monitoring of performance,
- Helping Quality First Education Trust to be responsive to the needs of parents, carers and the Community,
- Setting the Quality First Education Trust standards of conduct and value, and
- Assessing and managing risk

A full trustees meeting is held at least once a school term.

Terms of Reference for all sub committees are reviewed and agreed annually.

Local Governing Body information

Alton School

Ruth Hudson (head)
Liz Stoyel (chair)
Geoff Morris (vice chair)
Joe Ridout
Adam Watson
Peter Carpenter
Adam Smith
Abigail Cutmore

Belleville School

Sarah Atherton
Fiona Wilkins (co-chair)
Hilary Clarke (co-chair)
Brian Ledbetter
Tino Davatzis
EmmaStace
Sarita Tamber
Sophie Vanuxem
Georgina Mackenzie

Belleville Wix Academy

On becoming an academy the governing body was dissolved and the governance of the school is now under the Trust Board. Over time a new local governing body will be developed, to take effect from January 2018.

Connected organisations, including related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations. It is inevitable that transactions will take place with organisations in which a member of the Board of Trustees 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.

Belleville PTA acts to raise money to improve the school environment for the children of Belleville School. Funds

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

are spent on improving equipment and facilities in the School. The PTA is a registered charity (number 270097).
2 Current parents are Trustees are also members of the Quality First Education Trust.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust has two principal Objects set out in its Articles of Association:

1. 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 a school offering a broad and balanced curriculum.
2. to promote for the benefit of individuals living in the surrounding area of each academy who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The aims of the Quality First Education Trust are that all children:

- Are safe
- Are excellent learners
- Have excellent social and emotional skills
- Achieve and succeed.

To achieve this we apply the school improvement mantra which has been shared with all Trustees as part of the Trust's improvement plan. The mantra is:

- Know where we are going
- Recruit, retain and develop excellent staff
- Ensure we know what to do
- Ensure we know why we are doing the job
- Ensure we have excellent skills to do the job
- Ensure we have excellent resources to do the job
- Ensure we do the job with excellence
- Monitor, evaluate and improve

Objectives, Strategies and Activities

The Trust believes that the aims are achieved by embedding the following core beliefs:

- There should be a relentless drive for excellence and equality
- The quality of an education system (or school) cannot exceed the quality of the teachers
- Consistency must be at the core of the drive for excellence
- All provision should be at least good for children all of the time.

There are current priorities that are given particular focus for ongoing continuous improvement at Quality First Education Trust. They are:

- 1) **Ensuring all children are safe**
- 2) **Quality First Education**

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

a) Raise standards and increase pupil progress by:

Improving the quality of teaching and learning through:

- (1) Professional development
- (2) Challenging curriculum (raising the bar) for all subjects
- (3) Use of pupil perception

3) Whatever it takes

- a) Closing the gap for Pupil Premium
- b) Additional language support

4) Subject

- a) Core
 - i) Maths
 - ii) Middle leaders
- b) Specialist
 - i) Music
- c) Foundation
 - i) Challenge

5) Site

- a) Teaching School & School to School:
 - i) Impact for all children (Belleville and other schools)
 - ii) replicable & sustainable
- b) Environments
 - i) Further expand the school's roll
 - ii) Learning environments
- c) Meteor street
 - i) Consistent excellence

6) Phases

- a) Quality of provision and pupil progress
 - i) EYFS
 - ii) Year 5
- b) Year leaders.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

As a Trust we have a relentless drive for excellence and equality. The way that we as schools and a Trust seek to provide excellence and equality is through education. We believe all our children should be safe, be excellent

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

learners, have excellent social and emotional skills and achieve and succeed.

As a Trust we have a relentless drive for improvement. This was a phrase noted by Ofsted in their inspection of Belleville in 2007 and it was Belleville's strapline for a number of years. It was replaced by the term relentless drive for excellence and equality. The relentless drive for improvement may appear obvious but it is not seen in all organisations and it is key to what we seek to achieve.

We do not expect children to arrive knowing all, nor do we expect them all to arrive behaving appropriately. In our schools we do expect to teach them and them to learn. We believe that all children can learn and the better the teaching, the better their life chances. We seek to provide an excellent broad and balanced quality first education with a suitable focus on the core skills of literacy and numeracy. We accept that many children at some stage will need more than the quality first education provides and for these children at these times we will seek to do whatever it takes to help them be successful and achieve the school aims. Our provision is more than fine words and aims. We have a proven track record in helping children succeed in a variety of contexts.

As a Trust we seek to build on the strengths of our schools encouraging the themes of united and unique. Where it is appropriate, schools will work together and provide similar provisions while retaining the unique identity of the schools. For example, all four schools adopt an approach to maths rooted in the Singaporean method. Not all Q1E schools follow the same scheme.

Our mission has been to transform the educational provision within the schools in the MAT. We are highly ambitious for all the young people in our care. We believe that we have effective structures and policies in place to achieve the challenging targets set by our Board. All those who visit our academies agree that our young people are well-behaved and ready to learn. Our key challenge is to maintain a consistent quality of teaching.

Our strengths arise from our common commitment to our young people. Q1ET staffs are amongst the most committed and passionate you will find anywhere. Staffs are prepared to go the extra mile to support our young people and to give them a chance to be a success. This is why the ethos of each Q1ET academy is so positive. Our mission statement is developed to achieve positive relationships within schools. Those who visit our academies invariably praise the good relationships that exist. We believe that good relationships are an essential foundation upon which effective schools can function.

We are not a club of schools but an increasingly integrated organisation set to benefit from the synergies created by partnership and shared accountability. Our joint policies; the work of the Q1ET Central Team and the oversight of the Q1ET Board are key to maximizing the long-term benefits of this.

Our leadership is reflective and responsive to whatever confronts us. We are relentlessly reflective; the first to acknowledge our weaknesses and increasingly outward looking to seek ways to address them.

Our ambition for our young people knows no bounds and increasingly this is shared by our pupils and the wider community creating a virtuous circle of improvement.

Attainment (Bellville Primary School)

End of EYFS 2017

90% achieved a good level of development (21% higher than the national average)

Year 1 Phonic screening test 2017:

95% passed (14% higher than the national average)

End of KS1 at expected standard (expected or above) 2017:

Reading 92%(18% higher than the national average)

Writing 87%(22% higher than the national average)

Maths 89% (16% higher than the national average)

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

End of KS2 at expected standard (expected or above) 2017:

Reading 95% (24% higher than the national average)
Writing 91% (15% higher than the national average)
Maths 95% (20% higher than the national average)
SPAG 95% (18% higher than the national average)
Science TA 94% (13% higher than the national average)

The Trustees confirms that they have had regard to the Charity Commission's guidance on public benefit.

Going concern

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

Trustees' indemnities

Employees and Trustees are covered by Trustees' and Officers' liability insurance for failings arising from the performance of their duties that may lead to civil liability. There are no other specific third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

FINANCIAL REVIEW

Most of the Quality First Education Trust income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of funds in note 18 to the financial statements.

Financial position

The Quality First Education Trust fund balances at 31 August 2017 were in surplus by £21,314,310 (2016: £10,264,279). Total restricted funds at 31 August 2017 were in surplus by £19,731,779 (2016: £9,170,083). Unrestricted funds at 31 August 2017 were in surplus by £1,582,531 (2016: £1,094,196).

During the period, ESFA/LA grants totalled to £4,674,594 (2016: £4,411,490). Other income included within the restricted funds totalled to £478,143 (2016: £506,600). Restricted fund expenditure totalled to £5,396,737 (2016: £5,295,903).

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions since June 2016 have increased and it is expected that they will continue to increase further. Overall the academy has a healthy balance sheet and cashflow and will be using reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and the short term in conjunction with the school development plan and school aims.

The Chief Finance Officer has been reviewing the financial processes. The trustees through the finance committee receive financial progress reports throughout the year and compare against budgets submitted to the

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Education and Skills Funding Agency. The finance committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the schools.

The assets were used exclusively for providing education and the associated services to the pupils of the schools. The deficits in the Local Government Pension Schemes (LGPS) are recognised on the balance sheet in accordance with the provision of FRS102.

Key financial performance indicators

The Key Performance Indicators are variations from Budget Forecasts. The Forecast sets out a structured and balanced three year plan and deviation from this would indicate a favourable or adverse financial position. Financial performance against budget is monitored monthly and reported to the Finance and Premises Committee quarterly. Specific analysis is made in relation to salary costs against the budgeted staff establishment.

Principal risks and uncertainties

Risks are reviewed annually by the Trustees. The Trustees have assessed the major risks to which the multi-academy trust (MAT) is exposed, in particular those related to the operations and finances of the MAT, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The principal risks and uncertainties facing the academy trust are:

The Next Ofsted inspection results in a lower grading than the current "Outstanding". Mitigation - the school's performances are regularly monitored by the SLT, Trustees and external advisors. The Head and Trustees monitor changes in Ofsted criteria and approach to identify any changes required to internal processes, reporting and monitoring.

Risk to the schools' ability to sustain high standards and results due to reduced central funding and/or inefficiency/inadequate financial control by the schools' leadership. Mitigation - The government has already forewarned of reduced future funding for school. The Trust mitigates this risk (which is outside school control) by staying abreast of government plans and through thorough advanced financial planning on a 3-year cycle. The Schools have policies and procedures in place to prevent fraud and mis-management, ensure value for money is achieved and takes into consideration national guidance and recommendations. The Trust's Business Director has day-to-day responsibility for the Trust's financial affairs and monitors income and expenditure with the Head on a monthly basis.

Risk that the pension schemes are in significant deficit and that employer contributions increase and draw heavily on Trust funds, compromising their ability to investment in improvement. Mitigation - the pension scheme is devolved to the LGPS & TPS, employer contributions decided on the basis of actuarial records and outside school control. Central administration of the scheme ensures correct employer contributions are defined.

Risk of falling demand and uptake of school places with resultant reduction in school funding. Mitigation - LA monitoring of birth rates and forecasting of demand for primary places (currently projects steady rise in demand for primary school places in the Borough for several years to come). Monitoring at school level of uptake of places, vacancies and changes in school population demographics. Maintenance of high standards and results ensures ongoing high demand for places.

Risk of uncontrolled major natural event that affects school eg. fire, flood. Mitigation - by its nature the likelihood of this risk cannot be influenced. Response measures in place control impact. The Trust maintains a Disaster Recovery/Business Continuity Plan and runs an annual cascade contact test. School Business Manager is responsible for ensuring an effective Insurance policy is in place.

Risk that the Trust fails to comply with legislation and regulations (eg. Health and Safety, Employment law, Data Protection etc.). Mitigation - Trustees, SLT and Business Manager stay abreast of changes in legislation and regulations and new requirements on the Trust. A range of policies to ensure compliance are in place and

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

regularly reviewed by the Trustees. The Trust buys in external advice and/or outsources to appropriately skilled bodies where necessary eg. local authority HR.

Risk of damage to the Trust's reputation arising from any cause eg. poor Ofsted report, actions of Trustees or staff, falling standards/results, adverse publicity, high profile complaint or incident. Trustees and Leadership demand high standards of conduct (including for themselves) and pursue high standards and achievement levels for pupils. Achievement against targets and progress and results achieved by pupils is regularly monitored by SLT, Trustees and SIP(s).

Investment policy and performance

The Trust's aim is to minimise risk with any investments; the policy is therefore to invest reserves in low risk short term bank deposits. No reserves are currently invested as the priority since incorporation was to ensure sufficient working capital and to date all cash deposits have been held in instantly available deposit accounts.

Reserves policy

The Trustees have reviewed the reserves of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves.

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable basis for the continuing activity of the Academy Trust having in mind such factors as fluctuations in anticipated pupil numbers, whilst ensuring that excessive funds are not accumulated. This is assessed over a three year budget period. Large fluctuations due to pupil numbers are not anticipated and the policy is to maintain end of year reserves no less than 50% of one month's salary costs which is equal to £304,161. Reserves are currently higher than the target at £1,582,531 but in the next three years the school will have planned deficits which will be funded from reserves.

The level of reserves will be kept under review by the Trustees.

PLANS FOR FUTURE PERIODS

Belleville School converted from a single academy trust to a multi academy trust (MAT in May 2017), in order to work in formal partnership with other primary schools.

In 2013 we were approved as an Academy Sponsor, as we were keen to be able to support failing local schools and have a positive impact on the life chances of a wider group of children. We remain keen to sponsor another local school if there should be an appropriate opportunity, particularly within our immediate community.

The MAT consisted of 3 schools at 31 August with a further one joining after the year end. We are in discussion with other schools that are looking to convert to academies voluntarily, and join our MAT.

Pay policy for key management personnel

The pay of all staff within the Quality First Education Trust is set within the parameters of the Quality First Education Trust Pay Policy. The performance of all staff is then monitored and evaluated against agreed objectives in-line with the Q1ET Performance Management Policy.

The pay of senior staff the multi-academy trust including the CEO is reviewed annually and is considered by the Trust finance committee of directors who make a recommendation to the Quality First Education Trust Board.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The salary ranges of staff have been established by directors following a process local and regional comparison.

The pay of all heads of school and senior leadership staff is set within pay bands that are determined by the size and phase of the school and by factors such as comparisons of similar roles locally and the availability of suitably qualified and experienced staff.

All posts within the structure have detailed job descriptions which are subject to review from time to time, in consultation with staff, to reflect the changing needs of the school. Job descriptions are written with due regard to enabling staff to maintain a reasonable work/life balance. The pay committee agree the pay for key management personnel which consists of the Head Teacher and Senior Leadership Team.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Haysmacintyre, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 22 December 2017 and signed on its behalf by:



Julian Coningham
Chair of Trustees

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Head, 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 Quality First Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Atherton	5	6
Brian Ledbetter	5	6
Olivier Huez	6	6
Geraldine Burke (resigned 6 June 2017)	0	3
Gemma Ronte (resigned 6 June 2017)	4	4
John Grove, Head Teacher	6	6
Fiona Wilkins	6	6
Julian Coningham, Chair of Trustees	6	6
Tricia Owens (resigned 21 March 2017)	2	3
Hilary Clarke	6	6
Claire Antrobus	6	6
Rachael Dupont (appointed 20 June 2017)	1	2
Liz Stoyel (appointed 1 August 2017), Deputy Chair	0	0
Geoff Morris (appointed 1 November 2017)	0	0
Karen Parkinson (appointed 1 November 2017)	0	0

Governance reviews:

During the year Trustees have reviewed the following aspects of their governance and made the stated improvements:

- Reviewed our evidence base for holding the school to account on standards, updated our 'how do we know?' document with all sources of evidence including a 'mocksted' with a current Ofsted inspector to ensure we had evidence and paperwork to support our judgements.
- Renewed our understanding of the use of data for school standards. All Trustees attended in house Raise on Line training and two Trustees attended external training sessions
- Improved and consolidated our use of link governor reporting by embedding the link governor programme of reports to the annual schedule of governor business and aligning link areas fully to the school development plan
- Published a detailed newsletter to parents summarising the schools achievements and standards.

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its terms of reference include the remit to consider all financial issues arising from the School improvement plan, to prepare and to approve the annual budget and to monitor income and expenditure. It has taken over the responsibilities of the

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Audit Committee in the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
John Grove (Head Teacher)	3	3
Gemma Ronte (resigned 6 June 2017)	2	2
Brian Ledbetter	3	3
Olivier Huez	2	3
Sarah Atherton	3	3
Julian Conningham	3	3
Tricia Owens (resigned 21 March 2017)	1	2
Fiona Wilkins	3	3

Review of Value for Money

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

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

- Ensuring there is comprehensive monitoring of spending and budgets to ensure that all spending is within the school's long term financial plan. This monitoring is undertaken by the Business Manager, Head teacher, School Trustees, and Internal and External Auditors
- We have structured purchasing policies and guidelines. In addition a scheme of delegation clearly states individual levels of authority and accountability
- A Risk Register records all the risks faced by the school, financial and otherwise. This register is reviewed annually by School Trustees.
- Effective Purchasing we have a dedicated member of staff responsible for all purchasing within the school. Having a dedicated purchasing officer allows the academy to seek best value on purchases. Several large contracts are awarded through contracts procured by Wandsworth Council. Such economies of scale create a better negotiating position and better value contracts. These contracts include those awarded for cleaning, catering and photocopying.
- Other large contracts are tendered for by the school in a timely manner. These contracts have recently included those for the provision of insurance and audit services.
- We discuss purchasing with other local academies at termly review meetings. These meetings facilitate discussion relating to the control of expenditure and best value for money.
- Income generation: The school takes opportunities to generate additional revenue, most notably through the lettings of school premises and some non grant funded Teaching School activities. The additional revenue is used by the school to fund spending on educational activities.

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 ongoing 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 Quality First Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

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

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

- carrying out a termly audit on a revolving basis: testing a sample expenditure and income; checking and signing off petty cash and the Fund account; checking the payroll and staff contracts; providing a report and recommendation of his findings.

We confirm that the internal auditor has delivered their schedule of work as planned.

Review of Effectiveness

As Accounting Officer, the Executive Head has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- 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 Finance and Premises Committee and a plan to ensure continuous improvement of the system is in place.

QUALITY FIRST EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 22 December 2017 and signed on their behalf,
by:



Julian Coningham
Chair of Trustees



John Grove
Accounting Officer

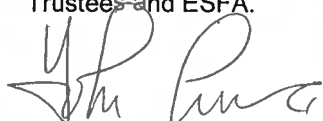
QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



John Grove
Accounting Officer

Date: 22 December 2017

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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


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

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

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

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

Approved by order of the members of the Board of Trustees on 22 December 2017 and signed on its behalf by:



Julian Coningham
Chair of Trustees

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY FIRST EDUCATION TRUST

Opinion

We have audited the financial statements of Quality First Education Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY FIRST EDUCATION TRUST

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic 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 academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trustees either intend to liquidate the academy or to cease operations, or

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)


INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUALITY FIRST EDUCATION TRUST

have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.



Tracey Young (Senior Statutory Auditor)
for and on behalf of
haysmacintyre
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG
22 December 2017

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QUALITY FIRST EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Quality First Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Quality First Education Trust's accounting officer and the reporting accountants

The Accounting Officer is responsible, under the requirements of Quality First Education Trust's funding agreement with the Secretary of State for Education dated 1 October 2011 for Belleville Primary School, 11 July 2017 for Belleville Wix Academy and 25 July 2017 for Alton School, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the academy trust.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of credit card statements and expense claims.
- Review of minutes, bank certificates and related party declarations provided by Trustees and

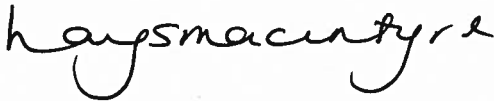
QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QUALITY
FIRST EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

senior management.

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



haysmacintyre
Reporting Accountants
10 Queen Street Place
London
EC4R 1AG

22 December 2017

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

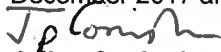
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	3	405,846	(576,000)	11,144,666	10,974,512	96,456
Charitable activities:	4					
Funding for the academy trust's educational operations		279,984	4,674,594	-	4,954,578	4,604,581
Teaching schools		275,985	478,143	-	754,128	702,634
Other trading activities	5	128,444	-	-	128,444	116,272
Investments	6	2	-	-	2	-
Other income		48,972	-	-	48,972	18,005
TOTAL INCOME		1,139,233	4,576,737	11,144,666	16,860,636	5,537,948
EXPENDITURE ON:						
Raising funds		78,280	-	-	78,280	19,581
Charitable activities:						
Academy Trust educational operations		391,273	4,918,594	386,970	5,696,837	5,251,163
Teaching schools		181,345	478,143	-	659,488	556,987
TOTAL EXPENDITURE	8	650,898	5,396,737	386,970	6,434,605	5,827,731
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	624,000	-	624,000	(1,033,000)
NET MOVEMENT IN FUNDS		488,335	(196,000)	10,757,696	11,050,031	(1,322,783)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,094,196	(1,731,000)	10,901,083	10,264,279	11,587,062
TOTAL FUNDS CARRIED FORWARD		1,582,531	(1,927,000)	21,658,779	21,314,310	10,264,279

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07768645

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	2017		2016	
		£	£	£	£
FIXED ASSETS					
Tangible assets	14		21,658,779		10,924,711
CURRENT ASSETS					
Stocks	15	6,436		13,294	
Debtors	16	451,960		122,275	
Cash at bank and in hand		1,653,454		1,250,774	
		<u>2,111,850</u>		<u>1,386,343</u>	
CREDITORS: amounts falling due within one year	17	<u>(504,319)</u>		<u>(315,775)</u>	
NET CURRENT ASSETS			<u>1,607,531</u>		<u>1,070,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,266,310</u>		<u>11,995,279</u>
Defined benefit pension scheme liability	23		<u>(1,952,000)</u>		<u>(1,731,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>21,314,310</u></u>		<u><u>10,264,279</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds	18	25,000		-	
Restricted fixed asset funds	18	21,658,779		10,901,083	
Restricted funds excluding pension liability		<u>21,683,779</u>		<u>10,901,083</u>	
Pension reserve		<u>(1,952,000)</u>		<u>(1,731,000)</u>	
Total restricted funds			<u>19,731,779</u>		<u>9,170,083</u>
Unrestricted income funds	18		<u>1,582,531</u>		<u>1,094,196</u>
TOTAL FUNDS			<u><u>21,314,310</u></u>		<u><u>10,264,279</u></u>

The financial statements on pages 25 to 49 were approved by the Trustees, and authorised for issue, on 22 December 2017 and are signed on their behalf, by:


Julian Coningham
 Chair of Governors

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	403,777	(36,168)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	-
Purchase of tangible fixed assets		(14,765)	-
Capital grants from DfE/ESFA		13,666	13,407
Net cash (used in)/provided by investing activities		(1,097)	13,407
Change in cash and cash equivalents in the year		402,680	(22,761)
Cash and cash equivalents brought forward		1,250,774	1,273,535
Cash and cash equivalents carried forward	21	1,653,454	1,250,774

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Quality First Education Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1.3 Income

All income is recognised once the academy has entitlement to the income, i.e. it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 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.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised 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.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2%
Motor vehicles	-	20%
Fixtures and fittings	-	25%

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.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Debtors

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

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities and provisions

Liabilities and provisions 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 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. 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.

1.10 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

The academy 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 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.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 and include grants from ESFA and the Department for Education.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

1.15 Conversion to an Academy Trust

The conversion from state maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Alton School and Belleville Wix Academy to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed assets funds. Further details of the transaction set out in note 22.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2017.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	34,311	-	-	34,311	83,049
Capital Grants	-	-	13,666	13,666	13,407
Transfer from local authority on conversion	371,535	(576,000)	11,131,000	10,926,535	-
	<u>405,846</u>	<u>(576,000)</u>	<u>11,144,666</u>	<u>10,974,512</u>	<u>96,456</u>
<i>Total 2016</i>	<u>38,049</u>	<u>45,000</u>	<u>13,407</u>	<u>96,456</u>	

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Funding for Academy's operational activities	-	4,674,594	4,674,594	4,411,490
Other educational income	279,984	-	279,984	193,091
Teaching school	275,985	478,143	754,128	702,634
	<u>555,969</u>	<u>5,152,737</u>	<u>5,708,706</u>	<u>5,307,215</u>
<i>Total 2016</i>	<u>434,125</u>	<u>4,873,090</u>	<u>5,307,215</u>	

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,017,511	4,017,511	3,719,801
Start-up grants	-	50,000	50,000	-
Other EFA grants	-	134,083	134,083	142,388
	-	4,201,594	4,201,594	3,862,189
Other government grants				
Local authority grants - revenue	-	473,000	473,000	549,301
	-	473,000	473,000	549,301
Other funding				
	-	-	-	-
Total 2017	-	4,674,594	4,674,594	4,411,490

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	90,264	-	90,264	79,407
School uniform sales	26,345	-	26,345	31,175
Other income	11,835	-	11,835	5,690
	128,444	-	128,444	116,272
<i>Total 2016</i>	116,272	-	116,272	

6. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	2	-	2	-

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,816,035	2,634,861
National insurance	242,672	161,703
Pension cost	430,642	401,706
Depreciation	411,697	284,524
Educational supplies	174,206	310,317
Staff development	12,991	17,190
Educational consultancy	22,643	20,260
School visits and trip expenses	74,799	66,785
Teaching school (excluding salaries)	382,317	455,104
	<u>4,568,002</u>	<u>4,352,450</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	497,481	486,615
National insurance	45,176	33,627
Pension cost	351,623	134,469
Pension finance cost	37,000	22,000
Recruitment and support	26,325	17,656
Maintenance of premises and equipment	102,701	125,272
Cleaning	85,419	75,082
Rates	10,230	9,824
Utilities	66,299	75,325
Insurance	37,021	37,338
IT costs	78,506	56,455
Security and transport	22,546	28,181
Catering	257,565	217,698
Bank interest and charges	4,337	4,711
Office costs	53,088	57,396
Professional costs	35,851	42,686
Other support costs	11,014	8,884
	<u>1,722,182</u>	<u>1,433,219</u>
	<u>6,290,184</u>	<u>5,785,669</u>
OTHER EXPENDITURE		
Governance costs	66,141	22,481
	<u>6,356,325</u>	<u>5,808,150</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	78,280	78,280	19,581
Funding for Academy's educational activities:					
Direct costs	3,489,349	-	1,078,653	4,568,002	4,352,450
Support costs	894,280	290,961	536,941	1,722,182	1,433,219
Governance costs	-	-	66,141	66,141	22,481
	<u>4,383,629</u>	<u>290,961</u>	<u>1,760,015</u>	<u>6,434,605</u>	<u>5,827,731</u>
<i>Total 2016</i>	<u>3,852,981</u>	<u>326,958</u>	<u>1,647,792</u>	<u>5,827,731</u>	

9. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	425	-	

10. NET MOVEMENT IN FUNDS

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	411,697	284,524
Auditors remuneration - audit	10,000	8,750
Other fees payable to the auditor	2,900	2,325
	<u>424,600</u>	<u>295,600</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,220,953	3,063,017
Social security costs	287,848	195,330
Operating costs of defined benefit pension schemes	782,265	536,175
	<u>4,291,066</u>	<u>3,794,522</u>
Non-contractual staff	85,368	58,459
Apprenticeship levy	7,195	-
	<u><u>4,383,629</u></u>	<u><u>3,852,981</u></u>

The average number of persons employed by the academy during the year was as follows:

	2017 No.	2016 No.
Teachers	59	56
Educational support	53	42
Administration and management	16	15
Premises	4	4
	<u>132</u>	<u>117</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	53	48
Educational support	25	28
Administration and management	12	13
Premises	3	3
	<u>93</u>	<u>92</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0

These employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £49,405 (2016 - £32,580).

Remuneration and benefits paid to key management personnel amounted to £777,366 (2016 - £654,563).

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
John Grove - Head Teacher	Remuneration	115,000-120,000	110,000-115,000
	Pension contributions paid	10,000-15,000	15,000-20,000
Sarah Atherton	Remuneration	65,000-70,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Geri Burke	Remuneration	30,000-35,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Jonathan Speller	Remuneration		20,000-25,000
	Pension contributions paid		0-5,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £60 to 1 Trustee).

13. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme (2016 - cover was £2m and the premium amounted to £1,404).

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 September 2016	11,954,933	42,690	136,220	12,133,843
Additions	-	-	14,765	14,765
Transferred on conversion	11,131,000	-	-	11,131,000
At 31 August 2017	<u>23,085,933</u>	<u>42,690</u>	<u>150,985</u>	<u>23,279,608</u>
Depreciation				
At 1 September 2016	1,068,786	42,690	97,656	1,209,132
Charge for the year	384,357	-	27,340	411,697
At 31 August 2017	<u>1,453,143</u>	<u>42,690</u>	<u>124,996</u>	<u>1,620,829</u>
Net book value				
At 31 August 2017	<u>21,632,790</u>	<u>-</u>	<u>25,989</u>	<u>21,658,779</u>
At 31 August 2016	<u>10,886,147</u>	<u>-</u>	<u>38,564</u>	<u>10,924,711</u>

15. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	<u>6,436</u>	<u>13,294</u>

16. DEBTORS

	2017 £	2016 £
Trade debtors	5,492	6,298
VAT due	40,383	56,066
Other debtors	371,535	-
Prepayments and accrued income	34,550	59,911
	<u>451,960</u>	<u>122,275</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	18,758
Other taxation and social security	128,467	80,173
Other creditors	2,000	-
Accruals and deferred income	373,852	216,844
	<u>504,319</u>	<u>315,775</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	182,100	280,104
Resources deferred during the year	170,102	182,100
Amounts released from previous years	(182,100)	(280,104)
Deferred income at 31 August 2017	<u>170,102</u>	<u>182,100</u>

At the Balance Sheet date the academy trust had received grants in advance for the following year.

18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated funds						
Designated Funds - Teaching School	43,601	-	-	(43,601)	-	-
General funds						
General Funds	1,050,595	1,139,233	(650,898)	43,601	-	1,582,531
Total Unrestricted funds	<u>1,094,196</u>	<u>1,139,233</u>	<u>(650,898)</u>	<u>-</u>	<u>-</u>	<u>1,582,531</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

Restricted funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	-	4,017,511	(4,017,511)	-	-	-
Other EFA grants	-	134,083	(134,083)	-	-	-
Local authority grants	-	473,000	(473,000)	-	-	-
Department for Education	-	478,143	(478,143)	-	-	-
Start-up grants	-	50,000	(25,000)	-	-	25,000
Pension reserve	(1,731,000)	(576,000)	(269,000)	-	624,000	(1,952,000)
	<u>(1,731,000)</u>	<u>4,576,737</u>	<u>(5,396,737)</u>	<u>-</u>	<u>624,000</u>	<u>(1,927,000)</u>

Restricted fixed asset funds

EFA grants	14,936	13,666	(28,602)	-	-	-
Land and buildings on transfer	10,886,147	11,131,000	(358,368)	-	-	21,658,779
	<u>10,901,083</u>	<u>11,144,666</u>	<u>(386,970)</u>	<u>-</u>	<u>-</u>	<u>21,658,779</u>
Total restricted funds	<u>9,170,083</u>	<u>15,721,403</u>	<u>(5,783,707)</u>	<u>-</u>	<u>624,000</u>	<u>19,731,779</u>
Total of funds	<u><u>10,264,279</u></u>	<u><u>16,860,636</u></u>	<u><u>(6,434,605)</u></u>	<u><u>-</u></u>	<u><u>624,000</u></u>	<u><u>21,314,310</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Designated funds						
Designated Funds - Teaching School	-	-	-	43,601	-	43,601
	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,601</u>	<u>-</u>	<u>43,601</u>
General funds						
General Funds	1,019,573	606,451	(531,828)	(43,601)	-	1,050,595
	<u>1,019,573</u>	<u>606,451</u>	<u>(531,828)</u>	<u>(43,601)</u>	<u>-</u>	<u>1,050,595</u>
Total Unrestricted funds	<u>1,019,573</u>	<u>606,451</u>	<u>(531,828)</u>	<u>-</u>	<u>-</u>	<u>1,094,196</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

Restricted funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	30,023	3,719,801	(3,749,824)	-	-	-
Other EFA grants	-	142,388	(142,388)	-	-	-
Local authority grants	-	549,301	(549,301)	-	-	-
Department for Education	-	461,600	(461,600)	-	-	-
PTA Music Fund	-	45,000	(45,000)	-	-	-
Pension reserve	(613,000)	-	(85,000)	-	(1,033,000)	(1,731,000)
	<u>(582,977)</u>	<u>4,918,090</u>	<u>(5,033,113)</u>	<u>-</u>	<u>(1,033,000)</u>	<u>(1,731,000)</u>

Restricted fixed asset funds

EFA grants	22,404	13,407	(20,875)	-	-	14,936
Land and buildings on transfer	11,128,062	-	(241,915)	-	-	10,886,147
	<u>11,150,466</u>	<u>13,407</u>	<u>(262,790)</u>	<u>-</u>	<u>-</u>	<u>10,901,083</u>
Total restricted funds	<u>10,567,489</u>	<u>4,931,497</u>	<u>(5,295,903)</u>	<u>-</u>	<u>(1,033,000)</u>	<u>9,170,083</u>
Total of funds	<u><u>11,587,062</u></u>	<u><u>5,537,948</u></u>	<u><u>(5,827,731)</u></u>	<u><u>-</u></u>	<u><u>(1,033,000)</u></u>	<u><u>10,264,279</u></u>

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

The General Annual Grant is funding from the DfE for the Academy's operating costs.

Other EFA grants were given to cover the cost of insurance, rates and to cover the cost of free school meals.

Local authority grants were given to cover the cost of Special Needs Education, Early Needs and school expansion.

Department for Education grants consist of a Schools Direct grant to cover the cost of training students and a Collaborative Fund which includes other aspects of the teaching school.

Start-up grants were given in respect of the two schools coming into the academy trust.

The PTA gave the school a grant of £45,000 in the previous financial year to cover the cost of music teaching. This was fully spent in the previous year.

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Belleville Primary School	1,205,605	1,094,196
Belleville Wix Academy	246,720	-
Alton School	155,206	-
Total before fixed asset fund and pension reserve	<u>1,607,531</u>	<u>1,094,196</u>
Restricted fixed asset fund	21,658,779	10,901,083
Pension reserve	(1,952,000)	(1,731,000)
Total	<u><u>21,314,310</u></u>	<u><u>10,264,279</u></u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Belleville Primary School	3,272,313	894,280	666,956	971,794	5,805,343	5,523,626
Belleville Wix Academy	99,338	-	-	529	99,867	-
Alton School	117,698	-	-	-	117,698	-
	<u>3,489,349</u>	<u>894,280</u>	<u>666,956</u>	<u>972,323</u>	<u>6,022,908</u>	<u>5,523,626</u>

No central charges were made in the year.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	21,658,779	21,658,779
Current assets	2,086,850	25,000	-	2,111,850
Creditors due within one year	(504,319)	-	-	(504,319)
Pension scheme liability	-	(1,952,000)	-	(1,952,000)
	<u>1,582,531</u>	<u>(1,927,000)</u>	<u>21,658,779</u>	<u>21,314,310</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	23,628	-	10,901,083	10,924,711
Current assets	1,386,343	-	-	1,386,343
Creditors due within one year	(315,775)	-	-	(315,775)
Provisions for liabilities and charges	-	(1,731,000)	-	(1,731,000)
	<u>1,094,196</u>	<u>(1,731,000)</u>	<u>10,901,083</u>	<u>10,264,279</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	10,426,031	(289,783)
Adjustment for:		
Depreciation charges	411,697	284,524
Dividends, interest and rents from investments	(2)	-
Decrease in stocks	6,858	9,244
(Increase)/decrease in debtors	(329,685)	159,609
Increase/(decrease) in creditors	188,544	(271,355)
Capital grants from DfE and other capital income	(13,666)	(13,407)
Defined benefit pension scheme obligation inherited	576,000	-
Defined benefit pension scheme cost less contributions payable	232,000	63,000
Defined benefit pension scheme finance cost	37,000	22,000
Fixed assets acquired on conversion	(11,131,000)	-
Net cash provided by/(used in) operating activities	<u>403,777</u>	<u>(36,168)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Bank and cash in hand	1,653,454	1,250,774
Total	<u>1,653,454</u>	<u>1,250,774</u>

22. CONVERSION TO AN ACADEMY TRUST

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

On 1 August 2017 Belleville Wix Academy and Alton School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Quality First Education Trust from London Borough of Wandsworth.

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 gains in the Statement of Financial Activities incorporating Income and Expenditure Account 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 Statement of Financial Activities incorporating Income and Expenditure Account.

BELLEVILLE WIX ACADEMY

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	7,093,000	7,093,000
Budget surplus/(deficit) on LA funds	229,039	-	-	229,039
LGPS pension (deficit)	-	(214,000)	-	(214,000)
Net assets/(liabilities)	229,039	(214,000)	7,093,000	7,108,039

ALTON SCHOOL

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	4,038,000	4,038,000
Budget surplus/(deficit) on LA funds	142,496	-	-	142,496
LGPS pension (deficit)	-	(362,000)	-	(362,000)
Net assets /(liabilities)	142,496	(362,000)	4,038,000	3,818,496

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Wandsworth. Both are Multi-Employer Defined Benefit Pension Schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- 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 £430,642 (2016 - £401,706).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £146,623 (2016 - £186,469), of which employer's contributions totalled £195,000 (2016 - £156,469) and employees' contributions totalled £63,000 (2016 - £52,000). The agreed contribution rates for future years are 19% for employers and between 5.5% and 7.5% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust who were the employees transferred as part of the conversion from the maintained schools and new employees who

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy trust at the balance sheet date.

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 at the Balance Sheet date (expressed as weighted averages):

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	24.4	23.9
Females	26	25.4
Retiring in 20 years		
Males	26.7	26.1
Females	28.3	27.7

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	(162)	(105)
Discount rate -0.1%	167	108
Mortality assumption - 1 year increase	199	104
Mortality assumption - 1 year decrease	(192)	(102)
CPI rate +0.1%	48	22
CPI rate -0.1%	(48)	(21)

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,972,000	1,708,000
Gilts	187,000	285,000
Corporate bonds	418,000	242,000
Property	123,000	2,000
Cash and other liquid assets	28,000	20,000
Multi-asset funds	358,000	-
	<u>4,086,000</u>	<u>2,257,000</u>

The actual return on scheme assets was £336,000 (2016 - £253,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(425,000)	(222,000)
Interest cost	(37,000)	(22,000)
Admin expenses	(2,000)	-
	<u>(464,000)</u>	<u>(244,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,988,000	2,352,000
Transferred in on existing academies joining the trust	1,640,000	-
Current service cost	425,000	222,000
Interest cost	91,000	95,000
Employee contributions	63,000	52,000
Change in assumptions	(154,000)	1,286,000
Estimated benefits paid plus unfunded net of transfers in	(15,000)	(19,000)
	<u>6,038,000</u>	<u>3,988,000</u>

QUALITY FIRST EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,257,000	1,739,000
Transferred in on existing academies joining the trust	1,064,000	-
Interest on assets	54,000	73,000
Return on assets less interest	470,000	253,000
Employer contributions	195,000	159,000
Employee contributions	63,000	52,000
Estimated benefits paid plus unfunded net of transfers in	(15,000)	(19,000)
Administration expenses	(2,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	4,086,000	2,257,000
	<hr/>	<hr/>

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

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

No related party transactions were incurred in the year.