



EDUCATION PARTNERSHIP TRUST
(a Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2014

EDUCATION PARTNERSHIP TRUST

CONTENTS

	Page
REFERENCE AND ADMINISTRATIVE DETAILS	1
DIRECTORS' REPORT	2
GOVERNANCE STATEMENT	10
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE	13
STATEMENT OF DIRECTORS' RESPONSIBILITIES	14
INDEPENDENT AUDITOR'S REPORT	15
INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE SCHOOL TRUST AND THE EDUCATION FUNDING AGENCY	17
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME & EXPENDITURE ACCOUNT AND THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)	19
BALANCE SHEET	20
CASH FLOW STATEMENT	21
NOTES TO THE FINANCIAL STATEMENTS	
ACCOUNTING POLICIES	22
OTHER NOTES TO THE FINANCIAL STATEMENTS	26

EDUCATION PARTNERSHIP TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Directors/Trustees

Mr D J Callaghan (Chair) *#
Mr H Patel
Ms S Roscoe *#
Mrs Angela Allen (appointed 24 July 2014)
Mr Andy Burton (appointed 14 August 2014)
Mr Ian Brown (appointed 14 August 2014)
Mr Adam Arkwright (appointed 14 August 2014)
Mr Harry Catherall # (appointed 14 August 2014)
Mr Luke Green (appointed 7 September 2014)

*members of the Resources Committee

#members of Audit & Finance Committee

Members

Blackburn with Darwen Education Improvement Partnership Ltd
Mr D J Callaghan
Ms S Roscoe
Mr H Patel

Registered office

The Heights Free School
Heys Lane
Blackburn
BB2 4NW

Senior management team

Executive Headteacher Designate
Principal (The Heights Free School)
Head of School Designate (Eden School)
Vice-Principal (The Heights Free School)
Director of Business & Finance

Mrs B Logan (appointed
Mr G Sinclair (resigned 31 August 2014)
Mr R Brocklebank
Mr G Holding
Mrs D Heap

Company registration number

07950891 (England & Wales)

Auditor

Moore and Smalley LLP
Chartered Accountants & Statutory Auditor
Richard House
Winckley Square
Preston
PR1 3HP

Bankers

The Co-operative Bank Plc
PO Box 250
Skelmersdale
WN8 6WT

Yorkshire Bank
Church Street
Blackburn

Solicitors

Hill Dickinson LLP
No 1 St Pauls Square
Liverpool
L3 9SJ

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Directors (who are also the Trustees) present their annual report together with the audited financial statements of the Trust for the year ended 31 August 2014.

The annual report serves the purposes of both a directors' report and a trustees' report under company law.

The trust operates a free school for pupils aged 11 -18 serving a catchment area in Blackburn with Darwen.

Structure, Governance and Management

Constitution

The multi-academy Trust ("the Trust") is a company limited by guarantee and an exempt charity and was incorporated on 15 February 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust. Each school has its own Funding Agreement.

During the year ended 31 August 2014, the Trust operated one Free School, The Heights Alternative Provision Free School ("The Heights"). On 1 September 2014, Eden School has opened as a second Free School within the Trust.

This Report and the Accounts reflect the activities of the Trust during the year and the Directors, as listed on page 1, had responsibility for governance during the year. The Directors of the Charitable Company for the purposes of company law are also the Trustees for the charitable activities of the Trust. The Charitable Company is known as 'Education Partnership Trust' and is also referred to in the accounts as the 'Trust'.

Members' liability

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

Directors' indemnities

With effect from the 16 January 2014 the Trust has purchased indemnity insurance to protect Directors and Officers from claims arising in connection with Trust business. The insurance provides cover of up to £2 million on any one claim.

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Method of recruitment and appointment or election of Directors

The Trust has a total of nine Directors as shown on Page 1. This includes the Chief Executive and the Chair of the Local Governing Body of The Heights. New Directors are appointed by the Members and new Governors of local governing bodies are appointed by the Board of Directors. When new Directors or Governors are appointed, the Members and Board of Directors approves at that time an appropriate process and criteria for recruitment, based on an analysis of the current skill and capability requirements of the Board or Governing Body, the current needs of each Free School and governance good practice at Trust level.

A joint Local Governing Body (LGB) for The Heights and Eden has been established with effect from 1 September 2014.

Policies and procedures adopted for the induction and training of Directors

All Directors are provided with copies of the DfE Governors' Handbook on appointment. When new Directors or Governors are appointed, an analysis of the requirements of their role and their current skills determines their induction process. The induction process is outlined in the Governance Handbook. Effective governance is critical to the success of the Trust and its schools. This is outlined in the Trust Corporate Governance & Accountability Handbook.

Organisational structure

The Board of Directors of the Trust shall hold four meetings in every school year, including the annual general meeting (AGM).

The role of the Trust is:

- To be ultimately responsible for all decisions regarding the strategic running of the MAT as a whole and the individual schools within it
- Oversight of standards and outcomes across the trust and the individual schools
- Oversight of finances of the trust and the individual schools

The role of each LGB, as set out in the DfE Governors' Handbook Sept 2014 is to:

- a. Ensure clarity of vision, ethos and strategic direction;
- b. Hold the Headteacher to account for the educational performance of the school and its pupils, and the performance management of staff;
- c. Oversee the financial performance of the school and making sure its money is well spent

The Scheme of Delegation framework sets out the responsibilities of the key roles in relation to each school within the Education Partnership Trust (EPT).

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Organisational structure (continued)

The Board of Directors is able to delegate identified functions to any Director, committee (including any Local Governing Body), or any other holder of an executive office, to the extent of power or function which they consider desirable to be exercised by them. Any such delegation shall be made subject to any conditions the Directors may impose, and may be revoked or altered. The Directors shall appoint Headteachers of the participating schools. The Directors may delegate such powers and functions as they consider are required to the Chief Executive Officer and the Headteachers for the internal organisation, management and control of the Schools (including the implementation of all policies approved by the Directors and for the direction of the teaching and curriculum at the Schools). The Board of Directors is responsible for ensuring that high standards of corporate governance are maintained. It should exercise its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the free schools.

The Local Governing Body is able to delegate identified functions to a committee; where decisions have been delegated these must be reported back to the next Local Governing Body meeting. It is essential that the Local Governing Body delegate sufficient powers to the Headteacher so that they can manage the school effectively.

The Board / Local Governing Body is to delegate general responsibility to incur financial commitments and expenditure in accordance with the approved budget plan and financial regulations.

During the year the organisational structure of the Trust consisted of 3 levels: the Trust, the Local Governing Body and the Committees which include:

- Resources Committee
- Achievement & Wellbeing Committee
- Pay Committee

With effect from 1 September 2013 The Heights Free School was opened with its own local Governing Body. During the year the organisational and governance structure changed on becoming a multi-academy trust. The Board of Directors was expanded with an increase in the number of directors. These included the new Chair of Governors appointed to The Heights and Eden School from September 2014. The decision was made to have one Local Governing Body for the two schools and the Achievement & Wellbeing Committee be disbanded so the performance outcomes be reported to the full Governing Body. An Audit & Finance Committee of the Board was established. Some the functions of the committee had been previously undertaken by the Resources Committee.

During the year ended 31 August 2014, George Sinclair, the Principal of The Heights was the Accounting Officer. Sharon Roscoe, the Chief Executive, has taken over the role of Accounting Officer since the 1 September 2014 as the Trust has now two open schools.

During the year the Senior Leadership Team comprised the following:

Executive Headteacher Designate	- Belinda Logan (appointed 1 September)
Principal (The Heights)	- George Sinclair (resigned 31 August 2014)
Head of School Designate (Eden School)	- Rob Brocklebank
Vice-Principal (The Heights)	- Gary Holding
Director of Business & Finance	- Diane Heap

The structure will be reviewed as the Trust grows.

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Connected organisations, including related party relationships

The BwD Education Improvement Partnership Ltd is a corporate member of the Education Partnership Trust. During the year the BwD Education Improvement Partnership Ltd provided project management support during the Pre-opening stage of the Free School.

Objectives and Activities

Objects and Aims

The aim of the Trust ("**the Object**") is:

"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 educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("**the alternative provision Academies**") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("**the Special Academies**")."

For the period covered by these financial statements the Trust comprised one Free School – The Heights Alternative Provision Free School.

Objectives, Strategies and Activities

The main aims of the Trust for the year were:

- To open The Heights in September 2013 in a refurbished and 'fit for purpose' building
- To secure pupil numbers as outlined in the Heights financial plan
- To complete a successful Pre-opening Stage for Eden School
- To complete a satisfactory Ofsted Pre-Registration Inspection for Eden
- To enter into a Funding Agreement with the Secretary of State for Education for Eden School
- To be judged by the Department for Education as 'ready to open' in September 2014

Public benefit

The Directors are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the year. The Trust is committed to becoming a community hub and engaging with the diverse community around the Trust and they hope to build on this next year.

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Strategic Report

Achievements and Performance

These were achieved by August 2014

The Trust opened The Heights Free School in September 2013 to provide alternative education for young people at risk of not reaching their potential. Working in close partnership with our local schools, the local authority and external agencies, we have delivered highly personalised learning programmes to develop academic achievement, vocational skills and personal and social development en route to employment, education and training.

Key performance indicators

The school provides alternative provision for up to 90 students aged between 8 and 16. The 63 students currently on roll are in Key Stage 4. There are twice as many Year 11 students as Year 10 students. There are a similar number of boys and girls in the key stage.

In vocational subjects, 84.1% of students reached or exceeded their target level set against national standard of three levels of progress. 97.8% of pupils achieved a pass in at least one subject. This was just below the national figures of 99.6%.

The majority of students made better than expected progress in English & Maths relative to their starting points:

Year 11: In English, 53.3% of pupils; In Maths 60% of pupils made better than expected progress

Year 10: In English, 66.0% of pupils; In Maths 76.9% of pupils made better than expected progress

- At Key Stage 2: Average sub level progress in a half term: English 0.27, Maths 0.40
- At Key Stage 3: Average sub level progress in a half term: English 0.71, Maths 0.65
- In Year 10: Average level of progress - English 1.0, Maths 1.7
- In Year 11: Average level of progress - English 1.23, Maths 1.22.

As of 31st August 2014, all our pupils progressed into education, employment or training (EET) with no students becoming NEET at the end of Year 11.

Lesson observations show that 93.1% of lessons were judged good with 13.8% outstanding.
100% of parents and carers surveyed said that their child was taught well at the Heights.
93.9% of pupils surveyed said that they were taught well at the Heights.

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Key performance indicators (continued)

The Heights tracked pupils' progress on a lesson-by-lesson basis. 84% of pupils were on or above target and taking responsibility for their own learning. The Heights has developed a mentoring and peer observation system for all teachers, which has enabled them to improve their own practice.

There are a wide range of vocational programmes leading to national accreditation and qualifications. Pupils study for GCSE or equivalent qualifications in English, maths and ICT. This is supported throughout the provision by an extensive intervention and learning support programmes. Our curriculum is highly personalised, stimulating, flexible, motivating and relevant to our pupils, equipping them with the skills necessary for their next stages of education or training.

Overall attendance target was set against national standards of 95% and the overall attendance at the Heights was 85.4%. Although the Heights overall absence (14.6%) is below national figures for mainstream school it still places The Heights in the top 5% of all Alternative Provision Providers & PRU's in the country.

The Governing Body has systematically challenged the SLT throughout the academic year. As a result, the quality of teaching and pupils' achievements have improved which has been highlighted in regular reports at Governing Body meetings.

Going concern

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

Financial Review

The Trust's total incoming resources during the year were £5,635,507, of which £2,529,628 was from the EFA for the refurbishment work of The Heights Free School. £1,289,670 was the transfer in of net assets from the Local Authority. £433,122 was received from the EFA for the set-up of Eden.

Total outgoing resources for the year were £1,691,857. The excess of income over expenditure was £3,943,650.

At the year end the Trust's total reserves were £3,907,237 of which, £71,535 was unrestricted, £269,360 was general restricted funds, £516,000 the deficit on the restricted pension fund and £4,082,342 was restricted fixed asset funds.

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Reserves policy

The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

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

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

It is the policy of The Trust to have reserves which can be used for future education purposes in line with the development plans. The Trust will review reserve levels for each school on an annual basis and the Trust Reserves Policy is reviewed by the Audit & Finance Committee on a 3-yearly cycle.

Investment policy

The Trust will operate an interest bearing current bank account and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected expenses.

Principal risks and uncertainties

Risk Management

For the period covering these financial statements, the Local Governing Body (LGB) alongside the Principal were responsible for identifying risks faced by the Trust and its schools. With the support of the Principal as Accounting Officer and the Director of Business and Finance, Governors are required to establish and implement procedures to mitigate and monitor these risks. The Trust has assessed the major risks to which it is exposed, in particular those relating to the specific teaching, provision of facilities and operations, and its finances, and are satisfied that the systems and procedures are in place to mitigate our exposure to the major risks. Risk management will be further strengthened as the Trust will approve the revised Risk Assessment Policy and Risk Register following a review by the Audit & Finance Committee.

The internal financial systems are based on the Academies Financial Handbook and are documented in The Financial Procedures Manual. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. The Trust will review the Financial Regulations as part of the wider Corporate Governance & Accountability Framework. Financial management information is relevant, timely and accurate and seeks to minimise risks by consistently applying current circumstances to future years attempting to forecast ahead

EDUCATION PARTNERSHIP TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

Plans for Future Periods

- The first priority of the Trust is to develop educational excellence across all our schools with outstanding teaching and learning and outstanding leadership and management.
- The Trust plans to develop the range of services and support the Trust can provide to our individual schools
- The Academy's improvement priorities are clearly outlined in the Academy's Development Plan

Funds held as Custodian Trustee on behalf of others


The Trust does not hold any funds as custodian Trustee.

Auditor

In so far as the Directors are aware:

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

Director's report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 12 December 2014 and signed on the board's behalf by:



D J Callaghan
Chair

EDUCATION PARTNERSHIP TRUST

GOVERNANCE STATEMENT

Scope of responsibility

The Board of the Trust acknowledges it has overall responsibility for ensuring that the Education Partnership 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 has delegated the day-to-day responsibility to the Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

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

The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Dean Logan (Chairman)	4	4
Des Callaghan (Vice-Chair	4	4
George Sinclair (Principal and Accounting Officer)	4	4
Sharon Roscoe	4	4
Hillary Hinchliff	4	4
Fiona Jack *Resigned 17 March 2013	3	4
Cherry Ridgway *Resigned 17 March 2013	2	4
Abid Khan	2	4

Key Changes of the Governing Body

Following the retirement of the Principal, the appointment of an Executive Headteacher for The Heights and Eden School (Sept 2014) and resignation of two governors, the Trust reviewed the composition of the governing body. The decision was made to have one Local Governing Body for the two schools, but with separate agendas for each school. A skills set audit of the governing body was completed and new governors were identified based on potential gaps and the skills, knowledge and experience they would bring. A new Chair of Governors was appointed for September 2014.

EDUCATION PARTNERSHIP TRUST

GOVERNANCE STATEMENT (CONTINUED)

Resources Committee

The Resources Committee is a sub-committee of the Local Governing Body. Its purpose is to assist the decision making of the Local Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Local Governing Body's responsibility to ensure sound management of the School's business resources, including proper planning, monitoring and probity. This Committee's responsibilities include all elements of policy development and review including admissions and appeals, financial management, internal audit, ICT, personnel and staffing, Estates, Health and safety, Service Level Agreements (SLAs) and all non-education matters. To make appropriate comments and recommendations on such matters to the Local Governing Body on a regular basis. Major issues will be referred to the full Local Governing Body for ratification.

Committee Member	Meetings attended	Out of a possible
Dean Logan	3	4
Des Callaghan	4	4
George Sinclair (Principal and Accounting Officer)	4	4
Sharon Roscoe	4	4
Elaine Hodson	2	4
Diane Heap	3	4

Audit and Finance Committee

The Resources Committee covered the work of the Audit and Finance Committee but since the opening of the Trusts second school, an Audit and Finance Committee has been set up from the 1 September 2014.

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 Trust's 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. A system of internal control was in place in the Trust for the year ended 31 August 2014 and has been further developed up to the date of approval of the annual report and financial statements.

Capacity to handle risk

Since its appointment, the Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is now a formal on-going process for identifying, evaluating and managing the Trust's significant risks. This process will be regularly reviewed by the Board.

EDUCATION PARTNERSHIP TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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;
regular reviews by the Resources 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 Trust has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trust has appointed Moore & Smalley to carry out additional checks on financial controls and procedures on a regular basis. This process was put in place part way through the first year of operation and one report has been issued. From September 2014 the review will be carried out on a termly basis.

Review of effectiveness

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

- Reports from the Trust Business Manager
- Creation of the Financial Procedures Manual.
- The Academies Accounts Direction 2013/14
- The Academies Financial Handbook
- The External Audit
- Termly Independent checks on Financial procedures

Approved by order of the members of the board of directors, on 12 December 2014 and signed on its behalf by:



D J Callaghan
Chair



Sharon Roscoe
Accounting Officer

EDUCATION PARTNERSHIP TRUST

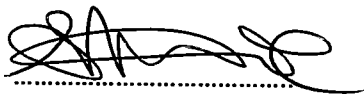
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2014

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Sharon Roscoe
Accounting Officer

12 December 2014

EDUCATION PARTNERSHIP TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR YEAR ENDED 31 AUGUST 2014

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

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

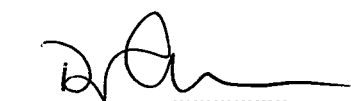
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the Directors on 12 December 2014 and signed on its behalf by:



D J Callaghan
Chair

EDUCATION PARTNERSHIP TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 AUGUST 2014

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

This report is made solely to the 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 Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors (who are also the trustees for the charitable activities of the Trust) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Educational Partnership Trust's affairs as at 31 August 2014, 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 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

EDUCATION PARTNERSHIP TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Tracey Johnson
Senior Statutory Auditor

For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

18 December 2014

EDUCATION PARTNERSHIP TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SCHOOL TRUST AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 7 February 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Educational Partnership Trust during the year to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Educational Partnership Trust's funding agreement with the Secretary of State for Education dated 27 September 2012 and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether, in our opinion, 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 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

EDUCATION PARTNERSHIP TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SCHOOL TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

The work undertaken to draw our conclusion includes an evaluation of the control environment of the Trust together with appropriate enquiry, analytical review and substantive testing of transactions.

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 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore + Smalley LLP

Moore and Smalley LLP
Chartered Accountants

Richard House
Winckley Square
Preston
PR1 3HP

18 December 2014

EDUCATION PARTNERSHIP TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Investment income	2	270	-	-	270	104
Voluntary income		-	2,700	-	2,700	-
Transfer in from Local Authority	25	-	(406,000)	1,695,670	1,289,670	-
Activities for generating funds		287	-	-	287	-
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	3	417,641	1,395,311	2,529,628	4,342,580	76,069
Total incoming resources		418,198	992,011	4,225,298	5,635,507	76,173
Resources expended						
<i>Charitable activities:</i>						
Trust's Educational operations	5	346,835	1,182,462	142,956	1,672,253	80,180
Governance costs	6	-	19,604	-	19,604	6,833
Total resources expended	4	346,835	1,202,066	142,956	1,691,857	87,013
Net incoming/(outgoing) resources before transfers		71,363	(210,055)	4,082,342	3,943,650	(10,840)
Gross transfers between funds	13	-	-	-	-	-
Net income/(expenditure) for the year		71,363	(210,055)	4,082,342	3,943,650	(10,840)
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	13 23	-	(110,000)	-	(110,000)	-
Net movement in funds		71,363	(320,055)	4,082,342	3,833,650	(10,840)
Reconciliation of funds						
Funds brought forward 1 August 2013		172	73,415	-	73,587	84,427
Funds carried forward at 31 August 2014	13	71,535	(246,640)	4,082,342	3,907,237	73,587

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

EDUCATION PARTNERSHIP TRUST

BALANCE SHEET

AS AT 31 AUGUST 2014

	Note	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	10		4,082,342		-
Current assets					
Debtors	11	293,242		-	
Cash at bank		102,425		129,073	
		395,667		129,073	
Creditors: Amounts falling due within one year	12	(54,772)		(55,486)	
Net current assets			340,895		73,587
Total assets less current liabilities			4,423,237		73,587
Pension scheme liability			(516,000)		-
Net assets including pension liability			3,907,237		73,587
Funds of the Trust:					
Restricted funds					
Fixed asset funds	13		4,082,342		-
General funds	13		269,360		73,415
Pension reserve	13		(516,000)		-
Total restricted funds			3,835,702		73,415
Unrestricted funds	13		71,535		172
Total funds			3,907,237		73,587

The financial statements on pages 19 to 41 were approved by the Board, and authorised for issue on 12 December 2014 and are signed on their behalf by:



D J Callaghan
Chair

Company Limited by Guarantee
Registration Number 07950891

EDUCATION PARTNERSHIP TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Net cash inflow/(outflow) from operating activities	17	(26,918)	975
Returns on investments and servicing of finance	18	270	104
Capital income/(expenditure)	19	-	-
(Decrease)/increase in cash in the year	20	(26,648)	1,079
Net funds at 1 August 2013		129,073	127,994
Net funds at 31 August 2014	20	102,425	129,073

All of the cash flows are derived from continuing operations in the current and previous financial years.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies

Basis of preparation

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

Going concern

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

Incoming resources

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

Grants receivable

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

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

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

Donations

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

Other income

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

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Trust are recognised at an estimate of their gross value in the year in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Trust's policies.

Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of any irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 or more are considered for capitalisation as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line over its expected useful lives, as follows:

Buildings	50 years
Refurbishments to buildings	10 years to over the term of the lease
Furniture and equipment	5 years
Computer equipment	4 years

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

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

Leased assets

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

Taxation

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

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

1 Statement of Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

Restricted fixed asset funds are resources which have been utilised in acquiring fixed assets. The initial funding may have arisen from unrestricted funds or other restricted funds, a transfer from the appropriate fund is made to the fixed asset fund to identify the capitalisation of an asset and future depreciation on these assets will be charged to the fixed asset fund.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

2 Investment income

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Bank interest	270	-	-	270	104
	270	-	-	270	104

3 Funding for trust's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
DfE/EFA					
General Annual Grant (GAG)	-	950,780	-	950,780	-
Capital grants	-	-	2,529,628	2,529,628	-
Other DfE/EFA grants	-	444,531	-	444,531	76,069
Other					
Other educational income	417,641	-	-	417,641	-
	417,641	1,395,311	2,529,628	4,342,580	76,069

4 Resources expended

	Staff costs £	Premises £	Other costs £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Trust's educational operations:					
Direct costs	760,864	-	207,239	968,103	80,180
Allocated support costs	339,417	232,769	131,964	704,150	-
	1,100,281	232,769	339,203	1,672,253	80,180
Governance costs	-	-	19,604	19,604	6,833
	1,100,281	232,769	358,807	1,691,857	87,013

(Incoming)/outgoing resources for the year include:

	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Operating leases	14,846	-
Depreciation	142,956	-
Fees payable to auditor:		
Audit of the financial statements	6,000	1,000
Responsible officer audit	1,250	-
Accountancy, taxation and other services	5,358	-
Preparation of the statutory accounts	1,500	-

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

5 Charitable activities – Trust's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Direct:					
Teaching and education support staff	346,532	414,332	-	760,864	-
Educational supplies and services	287	117,610	-	117,897	-
ICT costs expended	-	53,126	-	53,126	-
Depreciation – ICT	-	-	36,216	36,216	-
Support:					
Administrative and other staff	-	285,260	-	285,260	-
Other staff related costs	-	37,157	-	37,157	-
Maintenance of premises	-	12,562	-	12,562	-
Other occupancy costs	-	109,299	-	109,299	-
Other support and services	16	131,948	-	131,964	80,180
Other equipment costs expended	-	4,168	-	4,168	-
Interest & finance costs	-	17,000	-	17,000	-
Depreciation – other	-	-	106,740	106,740	-
	346,835	1,182,462	142,956	1,672,253	80,180

6 Governance costs

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Audit fee	-	6,000	-	6,000	1,000
Other accountancy services	-	8,108	-	8,108	-
Legal and professional	-	5,496	-	5,496	4,913
Other support costs	-	-	-	-	920
	-	19,604	-	19,604	6,833

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

7 Staff costs

	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
<i>Staff costs during the year were:</i>		
Wages and salaries	848,284	-
Employer's national insurance contribution	61,332	-
Pension costs	131,014	-
	1,040,630	-
Supply teacher costs	22,494	-
Other staff related costs	37,157	-
	1,100,281	-

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

	2014 Number	2014 Full-time equivalent	2013 Number	2013 Full-time equivalent
Charitable activities				
Teachers	3	3	-	-
Administration and support	25	25	-	-
Management	7	7	-	-
	35	35	-	-

The number of employees whose emoluments exceeded £60,000 (excluding pension contributions) was:

	12 months to 31 Aug 2014	6 months to 31 Aug 2013
£60,001 - £70,000 (12 month pro rata basis)	1	-
£70,001 - £80,000 (12 months)	1	-
	2	-

One of the above employed participated in the Teacher's Pension Scheme. During the year ended 31 August 2014, pension contributions for this member of staff amounted to £10,361 (2013: £nil). The other employee participated in the Local Government Pension Scheme; employer's pension contributions amounted to £3,615 (2013: £nil) for a 5 month period.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

8 Related Party Transactions - Directors'/Trustees' remuneration and expenses

Staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff, and not in respect of their services as trustees. None of the Directors received any payments, other than expenses, from the Trust in respect of their role as directors. The following trustee was employed from the 1 April 2014 and the value of trustees' remuneration (including pension contributions) for the five month period was as follows:

S Roscoe (Chief Executive Officer and trustee): £30,000 - £35,000 (2013: £nil)

During the year ended 31 August 2014, travel and subsistence expenses totalling £645 (2013: £103 – six month period) were reimbursed to directors/trustees.

9 Governors' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2m on any one claim and this insurance was in place from the 16 January 2014. The cost of this insurance is included in the total insurance cost.

10 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2013	-	-	-	-	-
Transfer from LA	1,663,025	-	-	32,645	1,695,670
Additions	2,264,788	120,000	144,840	-	2,529,628
Disposals	-	-	-	-	-
At 31 August 2014	3,927,813	120,000	144,840	32,645	4,225,298
Depreciation					
At 1 September 2013	-	-	-	-	-
Charged in year	76,200	24,000	36,216	6,540	142,956
Disposals	-	-	-	-	-
At 31 August 2014	76,200	24,000	36,216	6,540	142,956
Net book values					
At 31 August 2014	3,851,613	96,000	108,624	26,105	4,082,342
At 31 August 2013	-	-	-	-	-

The Trust commenced a 125 year lease on School buildings from 1 September 2013 on a nominal peppercorn rent basis.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

11 Debtors

	2014 £	2013 £
Trade debtors	13,787	-
VAT recoverable	20,473	-
Other debtors – related parties (note 24)	27,743	-
Prepayments and accrued income	231,239	-
	293,242	-

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Other creditors	10,333	-
EFA creditor	27,571	-
Accruals	16,868	55,486
	54,772	55,486

13 Funds

	Balance at 31 August 2013 £	Incoming resources £	Resources expended £	Gains, losses and Transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	-	950,780	(950,780)	-	-
Other DfE/EFA grants	73,415	444,531	(248,586)	-	269,360
Other incoming resources	-	2,700	(2,700)	-	-
	73,415	1,398,011	(1,202,066)	-	269,360
Pension reserve	-	(406,000)	-	(110,000)	(516,000)
	73,415	992,011	(1,202,066)	(110,000)	(246,640)
Restricted fixed asset funds					
DfE/EFA capital grants	-	2,529,628	(105,516)	-	2,424,112
Inherited fixed assets	-	1,695,670	(37,440)	-	1,658,230
	-	4,225,298	(142,956)	-	4,082,342
Total restricted funds	73,415	5,217,309	(1,345,022)	(110,000)	3,835,702
Unrestricted funds	172	418,198	(346,835)	-	71,535
Total funds	73,587	5,635,507	(1,691,857)	(110,000)	3,907,237

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

13 Funds (continued)

Fund balances at 31 August 2014 were allocated as follows:

	£
Restricted general funds	
The Heights Free School	217,395
Central services	51,965
Total before fixed assets and pension reserve	269,360
Total of restricted fixed asset funds	4,082,342
Pension reserve	(516,000)
	3,835,702
Unrestricted funds	
The Heights Free School	42,572
Central services	28,963
	3,907,237

Analysis of Schools by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other (excluding depreciation) £	Total £
The Heights Free School	760,864	235,843	117,897	192,831	1,307,435
Central services	-	103,574	-	137,892	241,466
Trust	760,864	339,417	117,897	330,723	1,548,901
Depreciation					142,956
Total expenditure					1,691,857

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

Restricted general funds comprise development grant funding for use on the Trust's set up costs for Eden and The Heights Free School.

Restricted fixed asset funds comprise any capital grants used for the purchase of fixed assets.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

13 Funds (continued)

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme. The value of the deficit inherited in conversion was £406,000, and had risen to £516,000 at 31 August 2014.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

14 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

				2014	2013
	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £	Total funds £
Tangible fixed assets	-	-	4,082,342	4,082,342	-
Current assets	126,307	269,360	-	395,667	129,073
Current liabilities	(54,772)	-	-	(54,772)	(55,486)
Pension scheme liability	-	(516,000)	-	(516,000)	-
Total net assets	71,535	(246,640)	4,082,342	3,907,237	73,587

15 Central services

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

- Educational support services
- Management support

The Trust charges for these services based on time spent.

The actual amounts charged during the year, which have been eliminated on consolidation, were:

	2014 £
The Heights Free School	28,537

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Capital commitments

	2014 £	2013 £
Contracted for but not provided in the financial statements	213,122	-

The Trust will receive funding from the EFA for all these costs.

Financial commitments

Operating leases

The Trust had the following operating lease commitments at 31 August 2014:

	2014 £	2013 £
Other		
Expiring within one year	-	-
Expiring within two and five years inclusive	14,846	-
Expiring in over five years	-	-
	14,846	-

17 Reconciliation of net income to net cash inflow from operating activities

	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Net income	3,943,650	(10,840)
Depreciation (note 10)	142,956	-
Investment income	(270)	(104)
Capital grant from EFA and inherited assets	(4,225,298)	-
Inherited pension deficit	406,000	-
FRS 17 pension cost less contributions payable (note 23)	17,000	-
FRS 17 pension finance (costs)/income (note 23)	(17,000)	-
(Increase)/decrease in debtors	(293,242)	25,000
Increase/(decrease) in creditors	(714)	(13,081)
Net cash (outflow)/inflow from operating activities	(26,918)	975

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

18

Returns on investments and servicing of finance

	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Bank interest	270	104
Net cash inflow from returns on investment and servicing of finance	270	104

19

Capital income and expenditure

	12 months to 31 Aug 2014 £	6 months to 31 Aug 2013 £
Donated assets from LA	1,695,670	-
Tangible fixed assets acquired	(4,225,298)	-
Capital grants from DfE	2,529,628	-
Net cash flow from capital expenditure and financial investment	-	-

20

Analysis of changes in net funds

	At 31 August 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	129,073	(26,648)	102,425

21

Contingent liabilities

There were no contingent liabilities at the current and prior year ends.

22

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.

23

Pension and similar obligations

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

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations (continued)

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Pension contributions amounting to £10,333 (2012: £nil) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations (continued)

Teachers' Pension Scheme Changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis. The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2014 were £91,327 of which employer's contributions totalled £69,741 and employees' contributions totalled £21,586. The employer contributions included deficit contributions of £10,333. The agreed contribution rates for future years are 12.4 % for employers, 5.5% - 8.5% for employees and £24,804 annual deficit contributions. The deficit contributions will be reviewed following the next triennial valuation in 2016.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations (continued)

Local government pension scheme

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

Local government pension scheme

Principal actuarial assumptions

At 31
August
2014
%

Rate of increase in salaries	3.6
Rate of increase in pensions in payment/inflation	2.1
Discount for scheme liabilities	3.9
Inflation assumption (CPI)	2.1

The sensitivity of the scheme liabilities, and therefore the net deficit, at 31 August 2014 to changes in the principal assumptions used to measure the scheme liabilities are as follows:

	As recognised in accounts £000	Sensitivity 1 + 0.1% p.a. discount rate £000	Sensitivity 2 + 0.1% p.a. inflation £000	Sensitivity 3 1 yr increase in life expectancy £000
Liabilities	881	857	905	896
Assets	(365)	(365)	(365)	(365)
Deficit/(surplus)	516	492	540	531

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

	At 31 August 2014 %
<i>Retiring today</i>	
Males	22.8
Females	25.3
<i>Retiring in 20 years</i>	
Males	25.0
Females	27.7

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations (continued)

Local government pension scheme

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	49.7	181
Government bonds	0.2	1
Other Bonds	26.6	97
Property	9.6	35
Cash	2.4	9
Other	11.5	42
Total market value of assets		365
Present value of scheme liabilities funded		(881)
Surplus/(Deficit) in the scheme		(516)

The actual return on scheme assets was £24,000.

Amounts recognised in the statement of financial activities

	2014 £000
Current service cost (net of employee contributions)	(57)
Total operating charge	(57)
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	17
Interest on pension liabilities	(34)
Net pension finance costs	(17)

The actual gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £110,000 loss.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

23 Pension and similar obligations (continued)

Local government pension scheme

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

	2014 £000
At beginning of period	-
Transfer from Local Authority	650
Current service cost	57
Interest cost	34
Employee contributions	23
Actuarial (gain)/loss	117
Benefits paid	-
At 31 August 2014	881

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

	2014 £000
At beginning of period	-
Transfer from Local Authority	244
Expected return on assets	17
Actuarial gain/(loss)	7
Employer contributions	74
Employee contributions	23
Benefits paid	-
At 31 August 2014	365

The estimated value of employer contributions for the period ending 31 August 2015 is £67,000.

The history of experience adjustments is as follows:

	2014 £000
Present value of defined benefit obligations	(881)
Fair value of share of scheme assets	365
Deficit in the scheme	(516)
Experience adjustments (gains/(losses)) on share of scheme assets	7
Experience adjustments (gains/(losses)) on scheme liabilities	-

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

24 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Governors 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 Directors or a local Governing Body may have an interest. Any such transactions are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year the Trust procured consultancy services from Blackburn with Darwen Education Improvement Partnership Ltd (EIP). The company is a member of the trust and two of the Trust directors, Mr D J Callaghan and Mr H Patel, are directors of the company. The cost of these services which related to the set up of Eden School were £75,143 (2013: £71,718). At the year end £27,743 was due from EIP (2013: £38,518 owed to EIP).

In addition £5,500 was paid to EIP in respect of the membership charge for the period 1 April 2013 to 31 March 2014.

25 Amounts transferred from Local Authority

On 1 September 2013 the Trust opened The Heights Free School. The building its operated from, various vehicles and pension deficit were transferred to the Trust from Blackburn with Darwen Borough Council for £nil consideration.

The transfer has been accounted for using the acquisition method. 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 resources expended in the Statement of Financial Activities as other resources expended.

EDUCATION PARTNERSHIP TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

25 Amounts transferred from Local Authority (continued)

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Long leasehold buildings	-	-	1,663,025	1,663,025
- Motor vehicles	-	-	32,645	32,645
LGPS pension deficit	-	(406,000)	-	(406,000)
Net assets/(liabilities)	-	(406,000)	1,695,670	1,289,670

Blackburn with Darwen Borough Council has retained the title to the land on which the buildings are sited.

In addition, The Heights Free School inherited the fixtures and fittings and other tangible fixed assets from the school that previously occupied the premises. Where a fair value at the date of conversion was readily available, this value has been used as the value inherited. However, most assets had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available and the cost of obtaining a valuation was considered to be disproportionate to the value of including such a valuation in the accounts. No value has therefore been included in the accounts for these assets.

