

ANNUAL REPORT

2015-16

COMPANY NUMBER: 867944
CHARITY NUMBER: 270901



INTRODUCTION

The report and accounts for the 12 months ended 31 August 2016 have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities', published by the Charity Commission in 2015. In this financial year, the organisation has transitioned to the new reporting requirements of FRS102, the impact of which is detailed in the accounts.

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1 OBJECTIVES AND ACTIVITIES IN 2015/16

MISSION, VISION AND VALUES

The principal object of Education Development Trust, as defined in its Articles of Association, is *to advance education for the public benefit*. Our **mission** is to provide evidence-based sustainable solutions that transform lives through education. The priorities are to:

- carry out or commission educational *research*;
- provide advice and *consultancy services* on education matters to governments and others;
- provide training and other *support for educators*, which enable them to improve the quality of teaching and learning;
- promote and assist *teaching* in educational or training establishments or other organisations throughout the world; and
- provide *counselling and guidance* to young people and adults.

Our organisational achievements set out in Section 2 are categorised using these five priorities as are the accounts that follow. Our educational performance is summarised in the Strategic Report.

Our **vision** is a world where everyone's life is transformed through excellent education.

We believe in the power of education to help individuals fulfil their potential and benefit society. In conducting our work we seek to embody the following **values**:

- **excellence** in learning outcomes, our people and our solutions;
- **integrity** in the way we build trust and bring purpose to our work as an education charity;
- **accountability** through rigorous and transparent assessment of our performance;
- **collaboration** by working together across teams and in partnership with clients and customers to build capacity.

We seek to apply these values to all of our activities, to our interaction with our clients and to our relationship with our beneficiaries.

ORGANISATIONAL OBJECTIVES 2015/16

To maximise opportunities and our competitive advantage in 2015/16, we aimed to:

- Continue to strive to embed our values: excellence, integrity, accountability and collaboration, at the heart of what we do and how we operate;
- Continue to develop our capability in our core proposition areas, combining our knowledge and expertise of what works to deliver impactful education solutions;
- Embed efficiencies and improvements to secure sustained performance in the delivery of effective education solutions;
- Enhance our brand and reputation for having a proven impact on the education of children, young people and adults to increase our presence in key markets;
- Develop strong partnerships to maximise opportunities and competitive advantage;
- Continue to invest in research to ensure we are a knowledge-led organisation recognised for our evidence-informed solutions.

2 STRATEGIC REPORT

WHO WE ARE AND THE SERVICES WE PROVIDE

Education Development Trust is a charity registered in England and Wales and includes international and UK trading subsidiaries. We are a values-based organisation, with credible expertise in education improvement around the world.

Established over 40 years ago, we have been an organisation focused on teaching and learning. The largest single group of employees is teachers, mostly in schools. We are also providers of other services to young people such as careers guidance. Other groups of staff are responsible for training teachers, undertaking school improvement activities and inspecting schools. We also deploy consultants, whose contribution is at a national level, designing and assisting in system-wide reforms.

The bulk of our work is directed at improving the quality of schools and schooling, acting on behalf of governments, aid agencies or the schools themselves. All of our income is generated by selling our services. Education Development Trust's management of schools and provision of services to governments and other clients is fully consistent with the mission of the charity as set out above.

RESEARCH

Education Development Trust seeks to be a knowledge-led organisation recognised for our capacity to design and deliver high quality solutions that are evidence-informed. In addition to providing services to clients based on the best available evidence, we also fund a programme of public domain educational research. We typically produce research reports in partnership with like-minded organisations. Through the programme, we aim to increase public benefit and to contribute positively to the public profile of the charity. The success of our research programme is measured by the following criteria:

- The technical quality of our research reports;
- The visibility and impact of our research publications;
- The extent to which we are seen as 'thought leaders' as a result of our research;
- The contribution of the research programme to the development of CfBT Schools Trust (CST), our family of independent schools and our operational delivery around the world.

All the research published in 2015/16 is available for free download along with the entire research portfolio at <http://www.educationdevelopmenttrust.com/en-GB/our-research/our-research-library>.

HOW WE WORK

Education Development Trust does not raise funds via the public. Our revenue is generated by winning education-related contracts from governments and public or private bodies. What sets us apart is that any surpluses are reinvested into educational research and development. Our research programme is freely available and aims to improve educational practice on the ground while widening access to research in the UK and overseas.

In the context of the significant global and domestic economic changes, 2015/16 has seen the further development of a robust and consistent financial model that underpins our operations, enabling us to:

- **Invest in the future:** generate surpluses for research and development, innovation and business development, brand building, business change/enabling change and building our reserves;

- **Focus on quality:** maximise quality of resource to deliver impactful solutions;
- **Be lean and flexible:** support activity in an efficient and effective way for the sole purpose of enabling delivery on the front line but with the ability to scale up and down as the market changes;
- **Have appropriate corporate overheads:** ensure our overheads are structured to deliver our legal obligations as well as essential core support capability that is vital to success.

EDUCATIONAL IMPACT AND KEY PERFORMANCE INDICATORS

Our mission is to transform lives around the world by improving education and we systematically evaluate the impact of our work to establish our effectiveness across our diverse portfolio of charitable activity. Whether we measure KPIs set by the client or establish our own measures, all of our programmes and the work we do has tailored metrics to establish that our work is having a positive impact on individuals and school systems.

As an example, we track and quantify the number of girls going to school and how well they do thanks to our programme in Kenya and we ensure that we are monitoring the outcomes for the people to whom we provide careers advice in the north-east and south-central regions of England; we evaluate the effectiveness of the English teachers deployed by us in Brunei and we provide rigorous quality assurance of the school inspectors we deploy in Abu Dhabi.

By regularly and systematically evaluating our effectiveness, we can ensure that we consistently deliver against our mission and for our clients. The next section provides an overview of our impact during the financial year.

ORGANISATIONAL ACHIEVEMENTS

1. RESEARCH

Our research: during the period September 2015-August 2016, 12 research reports were published:

- **School improvement London: a global perspective:** this report considers how successful London's schools have been over the past decade and identifies what might be learned from the translation that is relevant to policymakers and educationalists worldwide.
- **Interesting cities:** this report compared the approaches used to improve school standards in five diverse cities around the world: London, New York, Dubai, Rio de Janeiro and Ho Chi Minh City. All five cities represent different societies in terms of economic development, politics and culture. Key ways to improving education standards were: appointing or electing a key figure to drive through a change in agenda; using 'big data' to identify and intervene where students are in danger of falling behind; and increasing both accountability and support for teachers with improved training.
- **Language trends England 2015/16:** this was the 14th in a series of annual reports charting the health of language learning in English schools. Key findings include: primary schools often struggle to find the curriculum time for languages; primary schools struggle to recruit suitably qualified teachers; teachers believe new A levels are more likely to further reduce already declining numbers of pupils taking languages at Key Stage 5 and teachers believe the examination system is creating negative attitudes towards language learning.

- **Redistributing excellence:** this study explored the role that teacher redistribution can play in supporting equitable workforce planning in the UK context. The study received more than 800 survey responses from teachers, finding moral purpose to be a key driver for teachers when considering job changes. Teachers also indicated they are looking for better career options ‘in the middle’.
- **Rapid school improvement:** this report looks at the experience of a group of schools in England who underwent dramatic improvement over a short period of time. The headteachers who participated in the study clearly articulated the approach they had taken to improve their schools, with each having a theory about how to bring about change. The key messages from headteachers are that: teaching quality is key and requires immediate action; strong leadership in making quick decisions is essential; and two core responsibilities of headteachers should be monitoring and motivation.
- **Language trends Wales 2015/16:** this year's report shows the number of pupils in Wales studying a foreign language to GCSE declined by 44% between 2002 and 2015. At primary level, the report finds languages are more often taught to older pupils, with the most popular languages being French or Spanish. Due to English and Welsh being taught, there was also concern over an already crowded curriculum, with modern foreign languages competing with other priorities.
- **Evidence that counts: what happens when teachers apply scientific methods to their practice:** this publication contains 12 reports of teacher experimental research. It demonstrates that schools can carry out rigorous local investigations which can be replicated by others or scaled up to achieve larger sample sizes.
- **Research Leads (three reports in series):** three reports were published in August 2016 in partnership with researchED. The first of these reports, *Teaching as a research-engaged profession*, by Tony McAleavy, explores the challenges of schools becoming engaged in research. It provides a roadmap for anyone embarking on a journey to become more research informed, enabling them to better negotiate difficulties they may encounter. The second report, *The school Research Lead*, by Tom Bennett, explored the question of how new Research Leads should see their role. Tom produced a thought-provoking essay exploring the ways in which the work of the Research Lead can be conceptualised. The final report in this set of three, *Research Leads*, by Anna Riggall and Rachel Singer, presents findings from a study of teachers in England operating as their school's Research Lead. It identifies some of the challenges facing this pioneering group of Research Leads as they try to create a new form of teacher professionalism based on research engagement.
- **Inspiring teachers (two reports in series):** the first report, *Inspiring teachers: how to inspire teachers*, contains findings from an enquiry that looked at 36 ‘inspiring’ teachers nominated for the project by headteachers and principals of CfBT Schools Trust schools and academies. The second report, *Inspiring teachers: perspectives and practices*, investigates the notion of ‘inspiring’ teacher, arising from headteachers’ suggestions that schools nominate a number of ‘inspiring’ teachers so that their practice could be studied and the results shared across the participating schools.

2. CONSULTANCY SERVICES

As an organisation with wide international experience and great breadth and depth of expertise, our work is naturally diverse, and is designed to meet the particular local market needs. Our range of work during the financial year included but was not limited to the following.

Girls Education Challenge Project, Kenya

This project aims to increase the access, retention and learning outcomes of marginalised girls in arid and semi-arid lands and the urban slums of Kenya. Involvement in the project is hugely rewarding in the difference it is making to the lives of girls, and it also demonstrates our capability in delivering large education gender programming successfully. Our approach is to work with schools, communities, households and the girls themselves to ensure a wholesale behaviour and culture change; PwC and DFID both commented on our successful alignment to the national education programme and for having a very strong education programme that can be adopted by other partners. The total pupil population has increased to 100,834 in the areas affected with more girls (50,515) than boys (50,319).

A key target is to ensure marginalised girls remain in school throughout the life of the project. We are monitoring attendance and literacy outcomes of girls in the schools supported by our project and comparing their outcomes with those of girls in control schools. The first indicator – girls remaining in school throughout the life of the project – will be measured at the end-line. In terms of learning outcomes our target was to be 0.25 standard deviations above the average of control schools; at mid-line our schools were reported at 0.403 standard deviations above the average of control schools. In terms of attendance, our target was to increase from a baseline of 83% attendance and outperform comparison schools by 6 percentage points. At mid-line, we were above our baseline, and 5 percentage points above comparison schools.

Girls Education Challenge, Somalia

In delivering the DFID-funded Girls Education Challenge in Somalia, our task was to build the capacity of the ministries of education across the three zones of Somalia: Puntland, Somaliland and South Central Somalia. Specifically in providing leadership in promoting girls' education and in undertaking routine monitoring of gender equality in education to increase access, retention and completion for girls – as well as boys – in Somalia. Somalia has one of the lowest average gross enrolment rates at primary school in the world: 30-34% for boys and 22% for girls.

Ministry staff were trained on the following: gender-responsive education and leadership; gender-responsive quality assurance and resource mobilisation; effecting dialogue between the ministries, heads of schools and communities on strategies for improving gender equality in education. Headteachers were also given tailored professional development.

Elmidoon, Somalia

Our partnership with the ministry of education in Somalia has put into practice our education reform agenda by building skills and knowledge with young officers, and refreshing those of the older ones who form part of the education administrations in the newly created autonomous regional states and districts.

Elimiwadaag, Somalia

This grant helps us to put in place synergies across all levels of the Somali education system. There were four component parts: curriculum, exams, scholarships and networking. Under the scholarship deliverable, 436 female beneficiaries received financial support to complete one cycle of education in the regions of Puntland and Somaliland. As at April 2015, 57% of beneficiaries had completed their 2-year end-of-cycle education level and enrolled in to their 3rd year from Sept/Oct 2015.

Unicef/Danida, Somalia

To address the shortage of trained teachers and education infrastructure following two decades of conflict in Somalia, we were contracted to train 126 teachers in two 5-day sessions in 2014/15; we returned this year to carry out the final training session.

Abu Dhabi Educational Council (ADEC) inspections, Abu Dhabi

We are contracted to inspect government and private schools across the Emirate of Abu Dhabi, contributing to the school improvement agenda, and to build the capacity by training Emirati inspectors, and finally to impact on education policy through school-based thematic research. In this year we delivered to time and quality 138 school inspections, implemented a new UAE inspection framework, and provided thorough client review.

Knowledge and Human Development Authority (KHDA) associate inspections, Dubai

To our longest standing client in the UAE, we supply associate inspectors to support the inspection of public and private schools across the emirate of Dubai. We support not only school improvement through inspection, but also help to develop a locally based inspections force. In this year we inspected 151 schools across 3,541 inspection days. Our strategic partnership with KHDA also sees us work on joint research.

Abu Dhabi Educational Council (ADEC) professional development, Abu Dhabi

Since 2006 we have been one of ADEC's first partners, and are now the longest serving partner. As an organisation we have maintained a strong reputational standing starting with the public-private partnership and throughout our professional development contract.

The Tamkeen final variation order was to deliver professional development services to 87 schools in three areas of Abu Dhabi Emirate, and the 4,000 teachers therein. 97% of leaders met or exceeded the 150 hours target and 93% of teachers met the 100 hours minimum requirements. We are well recognised for quality in the development of materials and group strand blended course materials.

Lincolnshire, England

Our work with Lincolnshire County Council spans 14 successful years of delivering school improvement activities. In 2016, 90% of Lincolnshire schools were judged 'good' or 'outstanding' by Ofsted against 63% in 2010. We are particularly proud of our work in the South Holland District and on closing the gap for disadvantaged children in the primary phase – both made a considerable contribution to the overall Ofsted grading improvement. Our contract to deliver school improvement services on behalf of Lincolnshire County Council concluded in August 2016.

Framework contracts

Under these contracts, we provide specialist expertise related to donor-funded education reform – often at very short notice. Our work can be at any stage of the project lifecycle, from design to implementation to monitoring and evaluation.

Our clients are the Australian Department for Foreign Affairs and Trade, the UK government Department for International Development, Unicef, Norwegian Agency for Development Cooperation and the European Commission. Our consultants can be working anywhere in the world.

Saudi Skills Standard, Saudi Arabia

We provide external assessment of the ten Colleges of Excellence, with a full-time presence on the ground in Riyadh throughout the engagement.

Accreditation of international schools

Our own accreditation process for international schools, the International School Quality Mark, offers a partnership model for schools. We offer continued advice and support post inspection and

accreditation while the accreditation itself demonstrates to parents and pupils that the school has been judged by independent evaluators as meeting rigorous quality standards.

British schools overseas can volunteer to be inspected according to standards determined by the UK Department for Education that are monitored and quality assured by Ofsted. Education Development Trust has been approved by the Department for Education as an inspectorate to carry out inspections of British schools overseas.

Consultancy-based field research

Our track record in education reform continued to build throughout this year. Our largest contract of this type during the period involved working with Unicef to support institutional development in the Ministry of Education, Youth and Sport in Cambodia.

We are the education partner with the Mannion Daniels consortium that was chosen to manage DFID's UK Aid Direct fund (formerly the Global Poverty Action Fund). This work continues to 2019. Also with Unicef funding, we have supported the development on a national inclusive guide for teachers in Rwanda, and with DfID funding we have supported the implementation of the new competency-based curriculum framework in Rwanda, by designing and implementing integrated assessment standards and writing an assessment guide for teachers.

Our consultancy-based work also included providing technical consultancies for NGOs including Save the Children.

Transitioning to a school-led system

We have developed a strategic consultancy offer for UK local authorities and sector-led bodies to support them in the ongoing transitioning to a school-led system. In Kenya and in India, we have been piloting an innovative school leadership model where the strongest headteachers support school improvement in struggling schools. In Mexico, we have supported the set-up of school self-evaluation pilots in three states.

3. SUPPORT FOR EDUCATORS

Core Maths Support Programme, England

Our expertise in delivering and managing programmes that provide improved outcomes for pupils in England in maths is also evident in Core Maths Support Programme (CMSP).

Funded by the Department for Education, this is part of the UK government's plan to increase participation in maths across all post-16 providers, and raise the standard in maths for all participating students. Over a two-and-a-half-year programme, in this financial year we worked with 360 centres (approximately 10,000 students studying Core Maths) with 500 anticipated from September 2016.

The first ever examinations for Level 3 Core Maths were held in May 2016 with an overall pass rate across the three examination boards that received entries, of 82%.

Core Maths has been described as 'the single most significant development in post-16 mathematics in a generation'. Teaching Core Maths demands a different pedagogical approach and evidence collated to date indicates a marked impact on teachers' professional development.

The programme has secured an extension through to July 2017. Some challenges still remain, including availability of teachers to teach Core Maths as well as student retention in an as yet still new and not widely embedded qualification.

Lincolnshire, England

In our Early Years work in 47 county-wide Children's Centres in Lincolnshire, we supported child development to ensure school readiness, delivering 14,500 activities annually. 99% of observed sessions are rated as 'good' or 'outstanding'. Children begin school ready to learn and thrive – greatly impacting the life chances of some of the county's most vulnerable children.

Oman

We have maintained a presence in Oman since 1987 providing educational expertise and personnel to the ministry of education and the ministry of higher education. Having presented the strategy and design framework through to the official launch of what is now known as the Specialised Centre for Professional Teacher Training (SCPTT), we have continued to provide leadership support for operations during 2015/16. Working with local trainers, we also designed national professional development programmes for more than 3,000 teachers in Oman through the 'new teachers', 'centre associates' and 'expert supervisors' programmes.

In 2016, we relocated the British Training Institute to Seeb to provide direct support to local schools in the area, through our International School Quality Mark (ISQM) and Cambridge University's Certificate in English Language Teaching to Adults (CELTA) programme. In addition to corporate training, we continue to offer general English and IELTS preparation programmes and are looking forward to the prospect of expanding these operations on a regional basis.

Future Teaching Scholars, England

The National College for Teaching and Leadership (NCTL) is our client for this new programme to attract 330 of the highest quality A-level students to select maths and physics-related degrees and pursue a career in teaching those subjects. This contract demanded the development of a high quality new route into teaching which, like many other programmes, takes a school-led approach. The programme means that the successful candidates are supported throughout their university careers and into their teaching career, so building a long-term relationship with them is very much part of this contract. From award of contract in October 2015 to the attendance by 78 successful Future Teaching Scholars in the very first cohort at their National Conference in Nottingham in September 2016, a focussed and fast-paced awareness, engagement and recruitment programme was undertaken. The contract programme over the coming years will provide valuable insights into the development of high quality teachers from A-level student to classroom maths or physics teacher.

Inspiring Leadership conference 2016, England

Education Development Trust co-hosted Inspiring Leadership in June 2016 bringing together some 1,500 school leaders and aspiring leaders from the UK and beyond. The conference gave delegates the opportunity to come together to hear from a range of inspirational speakers – from educationalists to business leaders and including our own CEO, Steve Munby – as well as to join specialist masterclasses and workshops tailored to their own needs. We organise the conference in partnership with the Association of School and College Leaders (ASCL) and the National Association of Head Teachers (NAHT).

London Connected Learning Centre, England

Our centre in London is all about learning with technology. Its aims are to improve the quality of teaching of computing in primary schools; to help senior leadership teams make effective decisions on the strategic planning of ICT; to support schools in their responsibilities around online safety; and to raise awareness across all staff of the potential impact technology can have in improving both teaching and learning when used well.

In the last year, London CLC has worked with 2,636 teachers, up from 1,770 in the previous year, with 99% of service users rating the service as good or excellent. Within Lambeth, where London CLC is based, we work with children, families and the wider community to help them learn with, and through, digital technologies. Use of technology in this way becomes a catalyst and motivation for families and communities to become digitally literate and acquire essential skills for work and life. In 2015/16 we worked with more than 500 parents and provided 3,513 learner sessions, with 93% average attendance rates and 98% success rates. 94% of parents felt the course had a positive effect on their child's education and 100% of parents felt better informed about online safety.

Schools Partnership Programme (SPP), UK

Through SPP, we are supporting the school system to be truly inspirational by identifying and developing areas of exceptional practice. Applying our framework, schools working in clusters commit to sharing data and being responsible for one another's outcomes, cementing the principles of trust and transparency across the schools involved. At a fundamental level this programme is contributing to the system leadership both across the UK and internationally by directing school-led improvement, and contributing to policy debates. Schools involved in the SPP programme in the UK had the opportunity to connect even more widely through our Global Dialogue webinar which compared approaches in leadership and the sharing of best practice across schools in Canada, Australia, New Zealand and the UK.

Between September 2015 and August 2016 more than 400 schools engaged in peer review through SPP, supplementing the 130 who went through this process in the previous financial year. In all, we delivered leadership training to over 700 schools. We are now the leading provider of peer review in the UK.

Global Learning Programme (GLP), Wales

This programme helps teachers to integrate development and global issues into effective teaching and learning at Key Stages 2 and 3, helping to equip their pupils to make a positive contribution to a globalised world. We give expert training to the schools to deliver the global learning curriculum; schools use this context to develop the numeracy and literacy skills of the pupils, while also running an effective network and improving leadership skills. GLP extended to 51 lead schools in this year, with a total of 519 network schools joining – all like-minded schools. Schools are supported also by national training events (six in the year), termly newsletters and ten resource packs supplementing the website information. All schools audit their practice through an online self-evaluation tool.

Whole School Improvement Programme (WSIP), India

Funded by Tech Mahindra Foundation, the WSIP is being delivered in two schools in Hyderabad catering for students from disadvantaged communities. First generation learners who come from low-income families are being supported to receive an education. Our main goal is transformation of the school through an integrated approach covering all aspects of leadership, teaching and learning, curriculum, accountability, assessment and parental and community engagement.

Closing the Gap: Test and Learn, England

Closing the Gap: Test and Learn was a unique approach to the delivery of a large-scale randomised controlled trial programme in England, as participation was entirely voluntary on the part of the schools. Some 162 Teaching School Alliances engaged in the programme in this, its second year, and through them, 357 headteachers agreed to take part in and test Year 2 children and 4,723 pupils completed tests. The final report for this project has been viewed more than 6,000 times on the gov.uk website. The client for the project, the National College for Teaching and Leadership (NCTL), rated us as outstanding across seven KPIs over the lifetime of the contract.

Alexandria Schools Trust, Middle East

The former charity Alexandria Schools Trust (AST) merged with Education Development Trust in 2014. The AST charitable fund is used to promote and maintain teaching of the English language and culture in the Middle East. Funds have been used in a variety of ways in Egypt, most recently providing high quality professional development in English language teaching and digital training resources. Not only do we work with 40 national institute schools delivering to 290 teachers, we have also delivered a training of trainers programme, to build up a cadre of Egyptian English language teachers to provide a self-sustaining model of professional development for Egypt. Our English in Focus project celebrates improvements witnessed and shares good practice with teachers of English across Egypt.

4. TEACHING

English language teaching, Brunei Darussalam

We recruit and manage English teachers for primary, secondary and pre-university levels to teach in government schools in Brunei Darussalam. We recruit, orientate and manage 262 expatriate English teachers, increase the proficiency of Bruneian students, deliver high impact teaching and learning and build the capacity of our own and local English teachers.

In year, we outperformed the minimum quantity target key performance indicator by +23%. Our teachers work with more than 20,000 students across Brunei, and our teachers, trainers and mentors are stationed in more than 75% of Brunei schools, working directly or indirectly with more than 90% of Brunei's school-age learners.

In year, we were awarded a further contract, Expert Teachers for Maths and English.

Fee-paying schools, England

We own three fee-paying schools in the UK, with the aim of offering access to quality independent education for 2-11 year olds on a non-selective basis at affordable prices: Danesfield Manor School; Oakfield Preparatory School and St Andrew's School. All deliver a financial contribution to Education Development Trust.

Desired destination schools for Year 6 pupils continue to be fulfilled, with all pupils going on to their first or second choice. Each school continues to feature in *The Sunday Times* top 100 preparatory schools listing, with two of the schools (Danesfield Manor and St Andrew's) in the top 50; St Andrew's climbed 34 places this year, from 67th to 33rd.

The International School of Cape Town, South Africa

Our fee-paying school in Cape Town continues to grow: the second pre-prep campus has increased the school to 450 students, a growth of 80 students in the last 3 years. It enjoys an increasingly positive reputation in the city and this year produced excellent results: 89% A*-C at IGCSE and 55% A*-A at A-Level.

CfBT Schools Trust, England

Education Development Trust is principal sponsor of CfBT Schools Trust, a multi-academy trust of 16 primary and secondary schools. A number of schools were inspected by Ofsted during the year, providing valuable feedback on the effectiveness on improvement strategies at school and trust level. All of the schools which were subject to a Section 5 inspection in this academic year, and had been inspected previously as academies, had improved by at least one category and – notably – moved out of a category of concern. These were:

Benjamin Adlard Primary School – 'special measures' to 'good'

Meadow Park Academy – 'special measures' to 'requires improvement'

Danum Academy* – 'special measures' to 'requires improvement' (left CfBT Schools Trust in August 2016)

Oakbank School – 'requires improvement' to 'good'

Boston West Academy was inspected as an academy for the first time in the summer term of 2016, and judged 'outstanding' in all areas.

At the end of 2015/16, Ofsted judgements for CfBT Schools Trust's remaining schools that have been inspected were as follows:

	Number of schools		Percentage (%)	
	2016	2015	2016	2015
Outstanding	7	6	46%	35%
Good	6	4	40%	24%
Requires improvement	1	1	7%	6%
Special measures	1	6	7%	35%

Key Stage 2 results

Overall Year 6 results continue to improve with a trust-wide average of 52% of pupils reaching the expected standard in combined reading, writing and maths. The overall progress score was +0.2, and there were some strong performances in individual schools.

The standout school in the trust was Benjamin Adlard Primary School, which achieved a value-added score of 6.16 for all pupils with 6.25 for disadvantaged. This exceptional progress measure is reflected in Benjamin Adlard's most recent Ofsted inspection, which judged the school to be 'good' – just 19 months after being placed in 'special measures'.

Key Stage 4 results

Overall KS4 results, although below national averages, (Attainment 8 4.4 national 4.9) have improved on 2015.

5. COUNSELLING AND GUIDANCE**National Careers Service, England**

Under our management, this government service provides access to independent, professional advice on careers, skills and training in the north-east and south-central regions of England.

In the north east, we operate the service in seven prisons and more than 500 community locations. Through these, we have explored career options with more than 40,000 customers, 86% of whom were unemployed at the time. 78% undertook some form of career management activity following our intervention, and, of those, 31% went on to take a qualification or entered sustainable employment. We have empowered our customers to make choices that will continue to positively affect their lives.

In south central, we operate in nine prisons and more than 200 community locations and have explored career options and aspirations with more than 42,000 customers: 81% were unemployed when they met us. 75% undertook career management activity and 26% of those progressed to take a qualification or sustainable employment. Our advisers undertook 59,000 interventions.

Steel Workers Advice Service, England

We formed part of a task force which brought together key partners to provide tailored support to affected workers, businesses and the community when many in the steel industry were affected by redundancy. We supported more than 1,000 steel workers, many of whom had never worked in any other industry, and sourced 1,787 courses to help them remain in employment. The client is delighted with the service and has extended the period of work in the light of this success.

Traded careers service, England

We provide independent careers advice and guidance and work-related activities to young people through their schools. We aim to provide a safe environment to explore opportunities based on the provision of robust information. We also support schools to achieve the Investors in Careers standard. We have supported more than 60 schools and 8,700 young people in total.

Youth careers guidance, England

Our aim is that all young people have the opportunity to explore career choices with an impartial careers adviser. We assist clients to secure sufficient suitable education and training provision for all young people aged 16-19 and for those aged 20-24 with a Learning Difficulty Assessment in their area. For young people, we encourage, enable or assist them to participate in education or training.

FINANCIAL OVERVIEW

Almost all of the Charity's income and that of its subsidiary companies is derived from contracts, which it manages on behalf of its clients, or services it provides directly to learners. The Charity and its subsidiaries are not dependent on the services of unpaid volunteers or on donations in kind or any other intangible income not evaluated or explained in the accounts.

The results of Education Development Trust's subsidiary companies are incorporated on a line-by-line basis in the Consolidated Statement of Financial Activities and in the Group Balance Sheet. The surpluses/deficits of the subsidiary companies are set out in Note 10.

The results for the 12-month period show a net surplus of £2.3m (£1.9m 14/15). Total income is £69m, a reduction of £16m from 14/15, mainly as a result of the conclusion of the inspections contract in the UK due to Ofsted insourcing all inspections nationally.

After accounting for actuarial losses of £11m, the defined benefit pension scheme accounting liabilities have increased significantly to £24.6m. £21.4m of this liability relates to CfBT Advice and Guidance Ltd. As this position was no longer financially sustainable, CfBT Advice and Guidance Ltd is in the process of entering administration. It is the intention of Education Development Trust to enter into an agreement with the Administrator to buy the trade and assets of CfBT Advice and Guidance Ltd. This is being treated as a non-adjusting post balance sheet event.

The total assets less current liabilities of the Group amount to £31.9m (£36.4m 14/15). Due to the pension deficits noted above, the net assets of the Group are £6.2m (£13.3m 14/15). For the Charity, net assets of £15.4m are reported (£15.1m 14/15).

RESERVES POLICY

The Board of Trustees reviews the reserves of the Charity each year to determine the level of funds required to invest in future developments and the amounts to be distributed by way of educational research. The Board has determined that the group should maintain free reserves of 2-3 months minimum of salary costs. Free reserves are the unrestricted, undesignated funds not tied up in fixed assets, i.e. the working capital of the Group supported by the investment portfolio. Free reserves exclude the defined benefit pension scheme accounting liabilities but include minority interests.

On 31 August 2016 the free reserves of the Group were £15.8 million (Charity £3.9 million) excluding the defined benefit pension scheme accounting liabilities of £24.6 million (Charity £2.6 million). These reserves represent 5 months' salary costs of the Group and 3 months' salary costs of the Charity.

In order to comply with the disclosure requirements of SORP 2015, research grants are accounted for on a commitments basis. The value of funds committed to third parties at 31 August 2016 (£45k) is shown within creditors on the balance sheet.

The restricted funds of the Group relate to Kings Monkton School, the League for the Exchange of Commonwealth Teachers and Alexandria Schools Trust.

INVESTMENT POLICY AND RETURNS

Education Development Trust's policy is for its investments to provide growth in income and capital prudently over the long term. It invests its reserves through selected investment managers, and

operates an ethical investment policy. Under the terms of that policy and having regard to the requirements of charity law to maximise returns, Education Development Trust seeks to avoid investments in activities that the Trustees consider to be contradictory to its aims and objectives. Trustees periodically review implementation of this policy through consultation with the investment managers.

As permitted in the Charity's Memorandum of Association, the Board of Trustees has wide investment powers and has delegated responsibility for the management of its investment portfolio, within an agreed risk profile, to investment managers. To assess whether its policy is being successfully pursued, the Board of Trustees sets the investment managers the task of achieving a total rate of return each year that exceeds benchmark weighted indices. In the 12 months to 31 August 2016, the portfolio showed a total return of 14.9% (2014/15: 1%). Historic performance against benchmarks is shown in the table below.

	1 Year		3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Newton (to 31/12/16)	17.4%	19.6%	8.3%	9.7%	10.4%	10.7%
HSBC (to 31/12/16)	15.9%	18.1%	7.0%	7.9%	10.2%	8.9%

PRINCIPAL RISKS

In 2015/16 the top corporate risks identified and associated managing actions were:

Risk identified	Managing actions
Occurrence of a serious child safeguarding incident through failure to implement appropriate checks and measures and follow clear procedures	<ul style="list-style-type: none"> Implementation and review of safeguarding policies and procedures (overseen by the Corporate Safeguarding Committee) Annual safeguarding audit, report and action plan
Safety and security of staff working in unstable or volatile environments is compromised due to lack of appropriate processes being in place to safeguard our people	<ul style="list-style-type: none"> Local duty of care policies and procedures Review of corporate policy
Failure to manage the retention and motivation of key people, particularly during periods of change	<ul style="list-style-type: none"> Talent management process Staff reward and recognition strategy Customer account plans
Difficult economic climate and/or changes in client strategic direction impacts Education Development Trust's ability to retain or secure long-term sustainable contracts and/or achieve a sustainable financial model, leading ultimately to insolvency	<ul style="list-style-type: none"> Active client relationship management with dedicated account managers and account plans Investment in business development team and new business growth processes Review of reserves policy
Failure to exploit new products and business opportunities impacts Education Development Trust's ability to gain significant market presence in key propositions and markets and deliver to new business targets	<ul style="list-style-type: none"> Development of intellectual property and consultancy offer New business growth processes Regular updates to business plans

Risk identified	Managing actions
Poor financial or educational performance damages Education Development Trust's reputation and ability to secure new work	<ul style="list-style-type: none"> • Rigorous review and sign-off on bids and new business • Annual budget process and regular forecasts • Cash flow forecasting and management process • Monthly financial reviews • Continued focus on the effective delivery of current contracts
Defined benefit pension financing requirements which might exceed financial plans or threaten the viability of certain operations	<ul style="list-style-type: none"> • The risk will be crystallised through the Administration of CfBT Advice and Guidance Ltd after the end of the financial year.

FINANCIAL RISKS

The following sets out the specific principles in relation to certain types of financial risks.

Liquidity

The Group retains sufficient cash funds to meet the day-to-day needs of the organisation, and invests its remaining reserves in longer-term investments to maximise returns.

Financial market

The Group's exposure to market risk arises primarily from the Group's fixed asset investments: an investment portfolio of stocks and shares managed by an asset management company and investment properties. The Group's policy for the investment portfolio is to limit the amount the investment managers can invest in any one company and to ensure the investment portfolio is spread between equities and bonds, both in the UK and overseas, and is invested ethically. There are no investments in unquoted stocks, derivatives or unregulated collective investment schemes. The investment managers are also limited on how much they can invest in any one foreign currency or country.

Credit

The Group is mainly exposed to credit risk from credit sales. A significant amount of income is derived from major institutional, government and donor funding agencies and so the associated credit risk is modest. However, where it works for private sector clients it assesses the credit risk of new customers and factors the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Foreign exchange

Due to the international nature of its activities, the Group's reported reserves, net assets and gearing are all affected by foreign exchange movements. The day-to-day transactions of overseas subsidiaries are carried out in local currencies with, wherever possible, both income and expenditure being in the currency of that location. Net exposures are identified and appropriate management strategies put in place on a case-by-case basis. The Group does not currently have any currency derivative instruments in place.

Procurement

All third party expenditure is governed by a procurement policy and any purchases over a defined amount are subject to a tender process and contracts are put in place.

PLANS FOR FUTURE PERIODS

The current strategic plan which was approved by the Board in July 2015 set three strategic objectives for the period 2015-2018:

1. Significant growth will take place in priority markets
2. We will have a reputation for outstanding, high impact education solutions in our core areas of expertise
3. We will be well positioned with current and prospective clients through excellence in client engagement, brand management and marketing.

The 3-year planning process involved a review of our agreed areas of distinctive competence and was also grounded in a detailed assessment of the market potential in our key geographical areas. The plan confirmed the need for a relentless focus on areas where we have marked expertise and competitive advantage. It was decided that we would only offer services to clients in five proposition areas:

1. school improvement
2. English language teaching
3. reforming national level education
4. leading and managing schools
5. careers information, advice and guidance

While the fundamental elements of the strategic plan stand, some important modifications were made during 2015/16. As a result of this analysis, we proposed to re-model our client-facing organisational structure based on the three core activities that we had identified: large-scale programmes (named Education Services), Research and Consultancy, and Independent Schools. We decided to abandon the structural distinction between UK and international operations. The position agreed by the Board was that by organising ourselves by what we do rather than where we do it, we could bring greater rigour and focus to each area to ensure more effective delivery.

The modifications to the plan can be summarised as follows:

- The core propositions and our priority geographical markets remain as stated in the 3-year plan.
- Further diversification will be provided through an increased emphasis on our consultancy offer and the management of international private schools.
- Expertise in the consultancy field – short-term work advising governments and others on education reform – is a priority for organisational growth.
- The development of our involvement in international schools should be linked to the management of our current portfolio of fee-paying schools. In September 2016, we appointed a new Independent Schools Director to lead this work.
- We will restructure the business to reflect the tripartite division in our client-facing work between large contracts (Education Services Group), the provision of short-term consultancy and the management of our research programme (Research and Consultancy Group) and the management of a growing portfolio of private schools (Schools Group).

- Within the Education Services Group we will develop the role of regional account managers with 'end to end' responsibility for business development, contract delivery and client relationship management.
- The corporate central business development team will be replaced by business development functions within each of the three new client-facing groups.

OPERATIONAL PLAN 2016/17

The following sets out some of the key operational objectives for 2016/17.

Education Services Group:

- Complete the current Girls Education Challenge programme delivery in Kenya.
- Consolidate our work in Somalia by successful implementation of the ELENA project.
- Successfully deliver the final 12 months of Core Maths Support Programme in England on behalf of the DfE.
- Build on mobilisation and Year 1 successes of Future Teaching Scholars in England, agreeing and achieving an appropriate target for recruitment of Year 2 candidates.
- Complete delivery of current Lincolnshire Early Years contract.
- Maintain the continued focus on improving the efficiency of the delivery of existing National Careers Service contracts in England.
- Successfully mobilise the new UAE MoE inspections programme.
- Complete UAE Irtiq'a inspections for the 2016/17 academic year.
- Successfully deliver the Tata Trust and HSBC English language improvement programmes and the pilot academic audit contracts in India.
- Complete implementation of the Brunei MoE Literacy and Numeracy project inception phase.
- Mobilise main phase of the Brunei Literacy and Numeracy project from January 2017.
- Ensure that the Brunei ELT contract is fully resourced in terms of teacher numbers from April 2017.

Research and Consultancy Group:

- Continue to deliver donor frameworks/consultancies to a high standard including work for DFID, UNICEF, the Norwegian government and the European Commission.
- Mobilise and deliver Brunei and Rwanda consultancy components to a high standard.
- Deliver UK consultancies including projects in Essex, Cumbria, Birmingham, Liverpool and Wales.
- Deliver TALIS research into maths teaching in England to a high standard.
- Undertake high impact English language work in Egypt, Lebanon and Jordan, funded by the Alexandria Schools Trust.
- Complete research on system reform in India and Vietnam.
- Launch international edition of research into rapid school improvement.

Independent Schools Group:

- Further develop support for our portfolio of four fee-paying schools.
- Explore opportunities for greater involvement of the management of private schools internationally.

3 STRUCTURE, GOVERNANCE AND MANAGEMENT

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees is responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Board of Trustees is also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In considering its responsibilities, the Board has had regard to 'Good Governance: A code for the Voluntary and Community Sector'.

Trustees have also given careful consideration to the Charity Commission's general guidance on public benefit and are satisfied that all the Trust's work is for the public benefit. The Strategic Report sets out our activity in more detail.

Charity and company law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that year. In preparing those financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Charity will continue in business.

The Board of Trustees has overall responsibility for keeping proper accounting records that show and explain the Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Board of Trustees is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

STRUCTURE

Education Development Trust is a charity registered in England and Wales and includes international and UK trading subsidiaries. We manage education services under contract to local and national governments and own a small group of independent schools. Some of our work in the United Kingdom is delivered by a separate subsidiary charity, CfBT Advice and Guidance Ltd, which seeks to relieve unemployment, promote the rehabilitation of offenders, and offer careers guidance to young people.

In Brunei, CfBT Education Services (B) Sdn Bhd, a majority-owned subsidiary, is principally engaged in the supplying of English language teachers to the Sultanate's public schools. The principal activities of the Centre for British Teachers LLC, registered in Abu Dhabi, are to provide

educational consultancy and support for schools. Active trading subsidiary companies also operate in India, Malaysia, Oman and South Africa.

GOVERNANCE

Education Development Trust was incorporated on 31 December 1965 and received charitable status on 20 February 1976. The charity is governed by its Articles of Association, last amended in October 2016.

Board structure

The Board of Trustees meets every two months to determine strategy and policies and review performance. It is responsible for the approval of budgets, financial statements and new investments, delegating specific responsibilities to its committees. Details of the Trustees who served throughout the year (except as noted) are set out in Section 4.

There are three permanent committees of the Board of Trustees which report to the Board on their meetings and activities.

- The **Audit Committee** meets four times a year as a minimum. The committee provides an independent oversight of the Group's systems of internal control, financial reporting, risk management and compliance.
- The **Education Impact Committee** meets four times a year to review the educational impact of the organisation's activities. It also has the remit to commission educational research.
- The **Executive Remuneration Committee** meets twice a year. It has responsibility for benchmarking and determining the remuneration and benefits strategy of the executives and for overseeing the remuneration strategy for all employees in the Group. The committee is provided with Hay Group UK benchmarking data on an annual basis in order to review the salary and total reward packages for the executive including any new appointees in role. This comprehensive data covers both the public and industrial and service sectors and provides a useful indicator of salary progression within the diverse market in which Education Development Trust operates. The Hay Group Job Evaluation System is in operation at both executive and non-executive level within the organisation so that the relative 'worth' of all roles can be assessed and used to determine an appropriate level of total remuneration. This data is supplemented by other market intelligence drawn from specialist search consultants and sector specific sources.

Each of these committees is comprised of Trustees and is attended by executive directors and senior members of staff, as required.

There are two Membership Committees. The members of these committees, the majority of which must be Members who are not also Trustees, are appointed by the President:

- The **Nominations Committee** meets twice a year to identify, nominate and make recommendations on the recruitment and appointment of Trustees and Members.
- The **Trustee Remuneration Committee**, meets as required (at least once a year) to review Board performance and provide independent oversight of the remuneration of the Board.

Current trustee membership of Board sub-committees is indicated against each Trustee's name, as listed in Section 4. Some trustee portfolio holders chair significant subsidiaries.

Appointment and role of Trustees

Applications for new Trustees are sought by public advertisement including the internet, through external advisers and through personal contact. The Nominations Committee interviews all

potential trustees and successful applicants are put forward for election by the Membership of the company. Trustees serve up to two terms of four years.

All new Trustees are supported through an induction process, which includes meetings with the Chief Executive, Corporate Governance team and operational Directors as well as written induction materials and relevant training.

Trustees are subject to a performance management process where individual training needs are identified and the Board carries out an annual self-evaluation. Trustees are also encouraged to engage with our operational activities through visits to projects or knowledge-sharing events.

Trustee Indemnity Insurance

Trustee Indemnity Insurance provides insurance cover for charity trustees against claims which may arise from their legitimate actions as trustees. As a matter of law, charities require authority to purchase this type of insurance. In the case of Education Development Trust, that authority is obtained from the Trust's Articles of Association.

MANAGEMENT

In 2015/16 the operational activity of the business was restructured into three groups.

- **Education Services** – this group brings together all of our large-scale international and UK programmes as well as the growth and development of related new business opportunities. The key components of this group are:
 - south-east Asia region
 - Middle East, North Africa and India region
 - sub-Saharan Africa region
 - UK
- **Independent Schools** – the group includes our four independent schools: three in the UK and one in South Africa.
- **Research and Consultancy** – this group incorporates our research activity, the Alexandria Schools Trust, our international development consultancy and other strategic consultancies.

STAFF

During the period under review, Education Development Trust employed more than 1,167 staff worldwide on average. They are responsible for teaching, research, counselling and guidance services, consultancy and supporting educators.

During the year, we have provided training for employees at all levels. We believe in providing training and development for educators and managers, and in extending opportunities impartially to all. All our employment decisions, policies and practices are made without regard to an individual's gender, race, colour, religion, creed, sexual preference or national origin. We support the employment of disabled people wherever possible and are an Equal Opportunities Employer.

Education Development Trust consults and informs staff through a variety of methods including: internal newsletters, intranet, individual and group meetings, CEO and other corporate communications and formal communications to areas of the business affected by organisational change.

RISK MANAGEMENT AND INTERNAL CONTROL

Education Development Trust's Board of Trustees has responsibility for ensuring the appropriate financial and non-financial controls are in place to provide reasonable, but not absolute assurance

against inappropriate use of resources and against the risk of errors or fraud. It also supports the achievement of the organisation's policies, aims and objectives.

The Audit Committee provides an independent oversight of the effectiveness of the systems of internal control and is responsible for reviewing and approving the annual internal audit programme, reviewing the key findings of the internal audit reports as well as monitoring the implementation of accepted recommendations. The committee also meets at least twice a year with the external auditors, both with and without management, to discuss the annual statutory audit and any internal control weaknesses identified in the management letter.

The key components of Education Development Trust's internal control and risk management environment include:

- a three-year strategic plan approved by the Board of Trustees against which performance is monitored;
- an annual plan and budget approved by the Board of Trustees;
- consideration of the financial results of the Group by the Board of Trustees and executive management, including monthly management reports, variance from budgets, and non-financial performance indicators;
- regular consideration of organisational performance and the education impact of Group activity through Quarterly Business Review meetings;
- delegation of authority and segregation of duties;
- a Risk Review Group consisting of key staff overseeing the application of the risk management cycle, monitoring implementation of preventative and mitigating actions in light of issues that have occurred, managing the process for identifying and escalating risks to the corporate risk register;
- processes for identifying and managing compliance with relevant legislation and with the requirements of regulatory bodies;
- operational policies and procedures for staff including policies on whistle-blowing, health and safety, and serious incident reporting, in relation to child protection; and
- an internal audit function which is responsible for the planning and completion of a rolling programme of risk-based audits designed to review the effectiveness of internal control processes across the Education Development Trust Group and to provide recommendations on the strengthening of the control environment, the results of which are reported to management and the Audit Committee.

Education Development Trust operates a formal risk management process which is incorporated within its system of internal control, and which is integrated into the organisation, with clear risk ownership at every level to enable management of the risk profile. This process identifies the type of risks the charity faces (including strategic, operational, compliance and financial risks), assessing and prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of managing the risks, resulting in Strategic and Operational Risk Registers. The Strategic Risk Register records the major risks faced by the organisation, in the context of the three-year plan (top down), while the Operational Risk Register contains risks that have been escalated from across the organisation, and which have a potential impact on the educational or financial viability of a specific contract or business area. Operating at all levels of the organisation, this approach ensures that exposure to risk is regularly reviewed and escalated.

Education Development Trust defines risk appetite as the amount of risk it is willing to take at any point in time in pursuit of its strategic and operational objectives. Education Development Trust will take calculated risks where long-term rewards are expected to be greater than any short-term losses. In some areas risk appetite can be very high due to the potential educational gains and in other areas where the benefits are deemed less significant it will be considerably lower. Critical risks inherent to the organisation are identified and evaluated in order that informed decisions are made about risks that are being accepted. The controls that are identified serve to mitigate the risk and reduce it to a tolerable level.

Particular care is taken in considering the risks associated with activities which could have an adverse effect on reputation and/or performance, or result in a fine by regulatory bodies or in financial loss.

The Trustees' Annual Report and Strategic Report was approved by the Board of Trustees on 27 June 2017 and signed on its behalf by:



Philip Graf
Chairman
Dated: 27 June 2017

4 REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

CHARITY DETAILS

Name	Education Development Trust
Registered Charity	Charity Number 270901
Company Limited by Guarantee	Company Number 867944
Registered & Principal Office	Highbridge House, 16-18 Duke Street, Reading RG1 4RU
Website	www.educationdevelopmenttrust.com
Email	enquiries@educationdevelopmenttrust.com
Telephone	0118 902 1000
Fax	0118 902 1410

TRUSTEES

Service by Trustees

The following Trustees served throughout the period to which this report relates unless otherwise indicated. (Current membership of Board sub-committees is also indicated).

Philip Graf CBE – (Chairman, Nominations Committee, Executive Remuneration Committee)

Philip Wood – (Audit Committee, Executive Remuneration Committee, Education Impact Committee)

Sue Hunt – (Chair of Audit Committee) until May 2016

Dr Tim Walsh – (Education Impact Committee, Executive Remuneration Committee, Audit Committee) until April 2017

Alison Macleod – (Nominations Committee, Chair of Executive Remuneration Committee)

David Hawker – (Chair of Education Impact Committee)

Dr Peter Rawlinson – (Audit Committee)

Stuart Laing – (Audit Committee) until May 2016

Christine Gilbert – (Education Impact Committee)

Robert Humphreys – (Chair of Audit Committee) from May 2016

Jonathan Owen – (Audit Committee) from May 2016

MEMBERS

As at 31 August 2016, Education Development Trust had 37 Members. The Members take an active role in Education Development Trust's work and share their educational experience and expertise for the benefit of the Trust. The Membership appoint the Trustees and is responsible for reviewing the work of the Trust, principally at the Annual General Meeting.

PRESIDENT AND VICE PRESIDENT

Throughout the period, Sir Jim Rose and Sara Hodson acted as President and Vice President respectively (both were appointed 30 April 2015).

EXECUTIVE

The Executive is responsible for the operational management of the organisation and, through the Chief Executive, reports to the Board of Trustees or its committees:

Steve Munby (Chief Executive)

Bob Miles (Finance and Corporate Services Director; Company Secretary)

Tony McAleavy (Research and Consultancy Director)

Patrick Brazier (Education Services Director)

Chris Tweedale (Schools Director)

BANKERS AND PROFESSIONAL ADVISERS

Bankers	Lloyds Bank Plc 24 Broad Street Reading RG1 2BT	Auditors	BDO LLP 2 City Place Beehive Ring Road Gatwick, West Sussex RH6 0PA
Investment Managers	Newton Investment Management Limited 71 Queen Victoria Street London EC4V 4DR		HSBC Global Asset Management 78 St James's Street London SW1A 1HL
Legal Advisers	Clarkslegal LLP One Forbury Square The Forbury Reading RG1 3EB		Bates Wells & Braithwaite LLP 2-6 Cannon Street London EC4M 6YH
	Veale Wasbrough Vizards Orchard Court Bristol BS1 5WS		Winkworth Sherwood LLP Minerva House 5 Montague Close London SE1 9BB
Legal Advisers (International)	Trowers & Hamblins LLP 3 Bunhill Row London EC1Y 8YZ DX 774 Lon/City	Legal Advisers (Pensions)	Charles Russell Speechlys LLP 5 Fleet Place, London EC4M 7RD

5 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION DEVELOPMENT TRUST

We have audited the financial statements of Education Development Trust for the year ended 31 August 2016 which comprise the Group and Parent Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2016 and of the group's and the parent charitable company's 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.

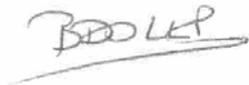
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, which includes the strategic 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:

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



James Aston, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom
Date: 28 June 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

6 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2016

	Notes	General Fund £'000	Restricted Funds £'000	Year to 31 August 2016 Total £'000	Year to 31 August 2015 Restated Total £'000
INCOME					
<u>Income from investments</u>	1c				
Dividends receivable		136	169	305	267
Rental income		400	-	400	573
Interest income		60	3	63	74
<u>Income from charitable activities</u>	1c				
Teaching		29,405	-	29,405	28,479
Consultancy services		19,385	-	19,385	34,421
Counselling and guidance		10,162	-	10,162	9,651
Support for educators		9,125	-	9,125	11,517
Total incoming resources	2a	68,673	172	68,845	84,982
EXPENDITURE					
<u>Expenditure on raising funds</u>					
Investment manager's fees	1d	-	48	48	38
<u>Expenditure on charitable activities</u>	1d				
Teaching		28,956	2	28,958	28,603
Research		225	-	225	(290)
Consultancy services		19,508	14	19,522	32,858
Counselling and guidance		10,021	-	10,021	10,730
Support for educators		9,054	253	9,307	10,656
Total expenditure	5	67,764	317	68,081	82,595
Net gains / (losses) on investments	9	541	577	1,118	(185)
Exchange gains / (losses)		424	-	424	(288)
Net income before transfers	2b	1,874	432	2,306	1,914
Transfers between funds	1o	1	(1)	-	-
Net income	4	1,875	431	2,306	1,914
Other recognised gains and losses					
Actuarial (loss) / gain on defined benefit pension schemes	15	(10,424)	(607)	(11,031)	1,011
Loss on pension scheme current asset	11	-	-	-	(1,124)
Exchange gain on conversion of international subsidiaries		1,828	-	1,828	233
Total recognised (losses) / gains for current period		(8,596)	(607)	(9,203)	120
Net movement in funds before minority interest		(6,721)	(176)	(6,897)	2,034
Less: Minority interest		(797)	-	(797)	(426)
Net movement in funds after minority interest		(7,518)	(176)	(7,694)	1608
Balance brought forward at 1 September 2015		5,127	5,317	10,444	8,836
Balance carried forward at 31 August 2016		(2,391)	5,141	2,750	10,444

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

STATEMENT OF FINANCIAL ACTIVITIES – CHARITY ONLY
For the year ended 31 August 2016

	Notes	General Fund £'000	Restricted Funds £'000	Year to 31 August 2016 Total £'000	Year to 31 August 2015 Restated Total £'000
INCOME					
<u>Income from investments</u>					
	1c				
Dividends receivable		931	169	1,100	267
Rental income		399	-	399	571
Interest income		30	-	30	47
<u>Income from charitable activities</u>					
	1c				
Teaching		10,700	-	10,700	9,371
Consultancy services		13,799	-	13,799	26,519
Counselling and guidance		1,746	-	1,746	1,726
Support for educators		7,695	-	7,695	10,120
Total income		35,300	169	35,469	48,621
EXPENDITURE					
<u>Expenditure on raising funds</u>					
Investment manager's fees	1d	-	48	48	38
<u>Expenditure on charitable activities</u>					
	1d				
Teaching		10,302	-	10,302	9,598
Research		225	-	225	(290)
Consultancy services		14,561	-	14,561	26,722
Counselling and guidance		1,392	-	1,392	1,361
Support for educators		8,966	253	9,219	10,239
Total expenditure		35,446	301	35,747	47,668
Net gains / (losses) on investments	9	541	577	1,118	(185)
Exchange gains / (losses)		424	-	424	(288)
Net income		819	445	1,264	480
Other recognised gains and losses					
Actuarial (loss) / gain on defined benefit pension schemes		(907)	-	(907)	1208
Loss on pension scheme current asset		-	-	-	(1,124)
Total recognised (losses) / gains		(907)	-	(907)	84
Net movement in funds		(88)	445	357	564
Balance brought forward at 1 September 2015		9,822	5,263	15,085	14,521
Balance carried forward at 31 August 2016		9,734	5,708	15,442	15,085

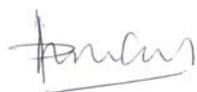
The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

BALANCE SHEETS
 As at 31 August 2016

	Notes	-----GROUP-----		-----CHARITY-----	
		As at 31/08/16 £'000	As at 31/08/15 Restated £'000	As at 31/08/16 £'000	As at 31/08/15 Restated £'000
FIXED ASSETS					
Intangible Assets					
Goodwill	1e, 7	-	-	-	-
Negative goodwill	1e, 7	-	-	-	-
		-	-	-	-
Tangible assets	1f, 8	9,198	9,091	7,297	7,310
Investments	1h, 9	10,117	9,004	10,117	9,004
Investments in Group undertakings	10	-	-	1,088	1,194
Total fixed assets		19,315	18,095	18,502	17,508
CURRENT ASSETS					
Debtors:					
Amounts falling due within one year	11	14,028	17,188	8,018	12,547
Amounts falling due in more than one year	11	-	7,976	-	7,976
Cash at bank and in hand		14,623	11,555	4,399	2,863
		28,651	36,719	12,417	23,386
CURRENT LIABILITIES					
Creditors:					
Amounts falling due within one year	12	(16,066)	(18,446)	(11,939)	(14,833)
Net current assets		12,585	18,273	478	8,553
Total assets less current liabilities		31,900	36,368	18,980	26,061
Provision for liabilities and charges	14	(1,085)	(1,859)	(959)	(1,662)
Defined benefit pension schemes:					
schemes in surplus	15		542	-	-
schemes in deficit	15	(24,600)	(21,735)	(2,579)	(9,314)
NET ASSETS		6,215	13,316	15,442	15,085
CHARITABLE FUNDS					
General fund (excluding pension liabilities and assets)		21,559	18,304	12,313	11,160
Restricted Funds	1o, 13	5,791	5,357	5,708	5,363
SUB TOTAL FUNDS (excluding pension liabilities and assets)		27,350	23,661	18,021	16,423
Defined benefit pension liability – general fund	15	(23,950)	(21,153)	(2,579)	(9,314)
Defined benefit pension liability – restricted funds	15	(650)	(40)	-	-
Related pension asset	11	-	7,976	-	7,976
TOTAL FUNDS (excluding Minority Interest)		2,750	10,444	15,442	15,085
Minority interests		3,465	2,872	-	-
TOTAL FUNDS		6,215	13,316	15,442	15,085

The financial statements were approved by the Board and signed on its behalf by:



 Philip Graf,
 Chairman
 Dated: 27 June 2017

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 August 2016

	Year to 31 August 2016	Year to 31 August 2015 Restated
	£'000	£'000
<u>Cash flows from operating activities</u>		
Net income for the year	2,306	1,914
Adjustments for:		
Depreciation on tangible fixed assets	1,216	1,105
Goodwill amortisation net charge	-	69
Fixed asset impairment	-	107
Profit on sale of tangible fixed assets	(112)	(27)
Decrease in debtors	3,160	2,385
Decrease in creditors	(2,380)	(1,981)
Decrease in provisions	(774)	(1,114)
Less dividends receivable	(305)	(267)
Less interest receivable	(63)	(74)
Post-retirement benefits adjustment	352	67
Dividends paid to minority interest	(229)	-
(Gains) / losses on investments	(1,118)	185
Exchange (loss) / gain on fixed assets	(96)	182
Exchange gain / (loss) on minority interest	25	(16)
Exchange gain on conversion of cash	(60)	(21)
Exchange gain on conversion of opening reserves of foreign subsidiaries	1,828	233
Net cash generated from operating activities	3,750	2,747
<u>Cash flows from investing activities</u>		
Interest received	63	74
Dividends received from investments	305	267
Purchase of tangible fixed assets	(1664)	(1,309)
Sale of tangible fixed assets	549	111
Purchase of fixed asset investments	(1,479)	(1,516)
Sale of fixed asset investments	1,590	1,467
Net cash used in investing activities	(636)	(906)
Net increase in cash and cash equivalents in the year	3,114	1,841
Cash and cash equivalents at the beginning of the year	11,605	9,743
Change in cash and cash equivalents due to exchange rate movements	60	21
Total cash and cash equivalents at the end of the year	14,779	11,605
<u>Cash and cash equivalents:</u>		
Cash at bank and in hand	14,623	11,555
Cash at investments managers – money market deposits	156	50
Total cash and cash equivalents	14,779	11,605

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**1. PRINCIPAL ACCOUNTING POLICIES****a. Basis of accounting consolidation**

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value. The financial statements have been prepared in accordance with 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The accounts of the Charity have been prepared on a going concern basis.

At 31 August 2016 the balance sheet of CfBT Advice and Guidance Ltd shows net current liabilities of £0.4m and net liabilities of £22m which includes £21.4m (2014/15 £11.8m) of defined benefit pension scheme liabilities. As this position was no longer financially sustainable, CfBT Advice and Guidance Ltd is in the process of entering Administration. The Administrator will sell the trade and assets of CfBT Advice and Guidance Ltd. It is the intention of Education Development Trust to buy the trade and assets. In this event CfBT Advice and Guidance staff will transfer under TUPE into Education Development Trust, and the previous pension liabilities will remain in CfBT Advice and Guidance.

In preparing these accounts the Trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102), a restatement of comparatives was required. The transition date was 1 September 2014. Information on the transition to FRS 102 is given in note 19.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies (see note 1b).

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been prepared for the parent charity; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity because their remuneration is included in the totals for the group as a whole.

All branches are consolidated fully within the Charity. The results and balance sheet of Education Development Trust and its subsidiaries have been consolidated on a line by line basis.

The consolidated Statement of Financial Activities includes the financial activities of the Charity and its subsidiaries up to 31 August. The results of subsidiaries acquired or sold are included in the consolidated Statement of Financial Activities from, or up to, the date control passes. Intra-group transactions are eliminated fully on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

On acquisition of subsidiaries, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. Where the acquisition is akin to a gift (for example, the Group is given control of another entity with net assets and a sound business plan) the fair value of the assets and liabilities acquired are treated as a donation, in line with accounting policy 1e below. All other acquisitions are accounted for in accordance with policy 1e below. All changes to those assets and liabilities and the resulting surpluses or deficits that arise after the Group has gained control of the subsidiary are charged to the post-acquisition Statement of Financial Activities.

The Charity meets the definition of a public benefit entity under FRS 102.

A summary of the accounting policies, which have been applied consistently, is set out below.

b. Critical accounting judgements and estimations

In preparing the financial statements, the trustees are required to make estimates and judgements. The items in the financial statements where these judgements and estimates have been made include:

(i) Actuarial assumptions in respect of defined benefit pension schemes - Actuarial valuations of defined benefit pension schemes are incorporated in the financial statements in accordance with FRS 102. The actuarial valuation process involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In applying FRS 102, advice is taken from independent qualified actuaries.

ii) Pension scheme deficit reduction payments - There is a deficit reduction plan in place in respect of Education Development Trust's membership of the Pension Trust's Growth Plan (see note 15). FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in several areas, including the selection of an appropriate discount rate.

(iii) Bad debts - The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

(iv) Accruals - The estimate for payables relates to the liabilities not settled at the year end. A review is performed on an individual creditor basis to estimate the amount will be collected.

(v) Tangible Fixed Assets - A review is performed annually for indicators of impairment.

c. Income

In the Statement of Financial Activities, income is split between income received from investments and income received from charitable activities.

Income from investments includes dividend income, rental income and interest income, and is included in the Statement of Financial Activities on a receivable basis.

Income from charitable activities represents amounts receivable for goods and services provided in the UK and overseas, net of taxes levied on sales.

The income has been split under the five key activities identified to meet the Charity's objectives: Teaching, Research, Counselling and Guidance, Consultancy Services and Support for Educators.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

Income is included in the Statement of Financial Activities when the Group has entitlement to the funds, the amount can be quantified, and receipt is probable. Specifically:

- Income from tuition and nursery fees is recognised to the extent that the related services have been provided.
- Income from contracts is recognised using the stage of completion method which is equivalent to the aggregate of related expenditure incurred plus a portion of estimated surplus. Anticipated losses on contracts are charged to the Statement of Financial Activities in their entirety when losses become evident.

Income received in advance of the performance of the service is treated as deferred income.

Any associated expenditure is accounted for according to the accruals concept.

Donations are recognised at their open market value in the period in which they are receivable as incoming resources where the benefit to the Charity can be reliably measured. Where the donation relates to a fixed asset, it is independently assessed to obtain the depreciated replacement cost and the asset is included in the appropriate fixed asset category and depreciated over the remaining useful economic life in accordance with the Group policy.

d. Expenditure

Within the Statement of Financial Activities, expenditure is split between expenditure on raising funds and expenditure on charitable activities.

Expenditure on raising funds includes charges made by the investment managers, Newton Investment Management Limited and HSBC Global Asset Management (UK) Limited for the Group's portfolio management.

Expenditure on charitable activities has been split under the five key activities identified namely: Teaching, Research, Counselling and Guidance, Consultancy Services and Support for Educators. Further detail of the work within each of these areas is detailed in the Trustees' Report.

Expenditure incurred by subsidiaries is deemed to be direct operating expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a fair basis. All other indirect expenditure (including central support, development and governance costs) is allocated based on the proportion of incoming resources of that activity as a percentage of the group incoming resources.

Development expenses, which include marketing expenses, both those of a promotional nature and those specific to negotiating and obtaining future projects, are written off in the period in which the expenses are incurred. Project start-up expenses are carried forward and charged in the period in which the project income commences.

Where input VAT is not recoverable on work undertaken by the Group it is treated as a cost of that project and reflected in the Statement of Financial Activities.

e. Intangible fixed assets

Intangible fixed assets represent goodwill arising on acquisitions less accumulated amortisation and any accumulated impairment losses. Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the Statement of Financial Activities over the trustees' estimate of its useful economic life which ranges from 5 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
1. PRINCIPAL ACCOUNTING POLICIES (continued)
f. Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows: -

Freehold property	Buildings over a period of 30 years or expected remaining useful life whichever is the shorter. Land is not depreciated
Long-term leasehold property	Buildings over a period of 30 years or expected remaining useful life whichever is the shorter. Land is depreciated over the life of the lease.
Freehold improvements	10%
Leasehold improvements	Over lease term or remaining contract period, whichever is shorter
Office furniture and equipment	20%
Motor vehicles	25%
Enterprise Resource Planning (ERP) system	10%
Other computer equipment, software and IT infrastructure	20% to 33%

For office furniture, equipment and computer equipment purchased second-hand, the depreciation rate is 50% straight-line.

Where assets are held for a specific contract, those assets are written off over the shorter of the estimated life of the asset and the underlying contract.

The Group policy is not to capitalise items costing under £1,000. VAT is normally excluded in the cost of the capital item unless it is irrecoverable in which case it will be treated as part of the cost of that asset.

Tangible fixed assets transferred to the group for no consideration are reflected within fixed assets at the point of transfer. The assets are independently valued and included in the statements at depreciated replacement cost and then depreciated according to the Group policy.

g. Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

h. Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other fixed asset investments comprise investment portfolios. The valuations of the investment portfolios were performed by the Group's investment managers, Newton Investment Management Limited and HSBC Global Asset Management (UK) Limited. Gains and losses are recognised in net income/expenditure in the Statement of Financial Activities. All investment income is derived from quoted investments and recorded in the books of the Charity when received.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**1. PRINCIPAL ACCOUNTING POLICIES (continued)****i. Financial instruments**

The Charity only has financial assets and liabilities of a kind which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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

Cash at bank and cash 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.

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j. Pension scheme arrangements**(i) Defined contribution scheme**

The parent charity and its subsidiaries operate defined contribution pension schemes whereby contributions are charged against revenue as they are made.

(ii) Defined benefit scheme

The parent charity and two of its subsidiaries contribute to defined benefit pension schemes.

Pension assets and liabilities are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities.

Current service costs, together with the net interest cost for the year, are allocated to relevant expenditure headings within the SOFA.

Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date 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 to the scheme liabilities.

The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the consolidated statement of financial activities within actuarial gains/losses on defined benefit pension schemes.

The resulting defined benefit asset or liability is presented separately on the face of the balance sheet. The Charity recognises assets for its defined benefit pension schemes to the extent that they are considered recoverable through reduced contributions in the future, or through refunds from the scheme.

k. Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**1. PRINCIPAL ACCOUNTING POLICIES (continued)****I. Operating leases**

Rentals paid under leases are charged against income on a straight-line basis over the lease term.

m. Foreign currency translation**(i) Functional and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Sterling, which is the Charity's and the Group's presentation currency.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entity are recognised at the spot rate at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period,

monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences that arise are recognised in profit or loss, within 'Net income/expenditure' in the Statement of Financial Activities.

(iii) Translation of group entities

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling using the exchange rate ruling on the balance sheet date. Income and expenses are translated using an average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on translation of group companies are recognised within 'Other recognised gains/losses' in the Statement of Financial Activities.

n. Awards and grants

Resources expended are accounted for when commitments are made to grant recipients.

o. Restricted funds

The Charity's and Group reserves are allocated to two separate types or funds: restricted funds and unrestricted funds. Restricted funds are those relating to income which may only be used for specific purposes. All other funds, including designated funds, are unrestricted.

The Trustees may approve the transfer of funds from unrestricted to restricted funds if operating losses would otherwise result in negative restricted funds being carried forward and it is not anticipated that future operating profits will cover those losses.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
2. SEGMENTAL ANALYSIS

(a) Group income relating to operating activities	Year to 31 August 2016 £'000	Year to 31 August 2015 Restated £'000
An analysis of Group turnover by geographical segment is given below:		
United Kingdom	32,125	45,854
South Asia and South East Asia	19,609	18,344
Middle East	8,062	12,447
Africa	8,690	7,688
Europe and other	359	649
	68,845	84,982

Within Africa income of £6m (2014/15: £3.8m) relates to the DfID Girls Education Challenge Kenya contract. In addition £243k (2014/15: £410k) of income relates to a sub contract under the DfID Girls Education Challenge in Somalia.

(b) Net income

An analysis of surplus / (deficit) by geographical segment is given below:	£'000	£'000
United Kingdom	(1,155)	(3,077)
South Asia and South East Asia	2,229	1,929
Middle East	781	2,121
Africa	259	945
Europe and other	192	286
	2,306	2,204

3. STAFF AND TEACHER COSTS

	Year to 31 August 2016 £'000	Year to 31 August 2015 Restated £'000
Wages and salaries	32,518	35,494
Redundancy, termination or ex gratia payment	443	1,049
Social security costs	1,590	2,070
Pensions	1,090	1,242
Temporary staff	332	667
Seconded staff	109	604
	36,082	41,126

Redundancy, termination and ex gratia payments were incurred as part of the ongoing development of the business.

Details of the amount payable to defined contribution pension schemes in respect of staff are detailed in pensions note 15a.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
3. STAFF AND TEACHER COSTS (continued)

Staff members whose total annual remuneration was in the ranges:	Year to 31 August 2016 No. of Staff	Year to 31 August 2015 No. of Staff
£60,000 – £69,999	13	22
£70,000 – £79,999	6	9
£80,000 – £89,999	5	20
£90,000 – £99,999	3	8
£100,000 – £109,999	2	4
£110,000 – £119,999	3	2
£120,000 – £129,999	4	4
£130,000 – £139,999	-	1
£160,000 – £169,999	1	1
£170,000 - £179,999	1	-
	38	71

Total employer pension contributions for the provision of money purchase schemes totalled £161,365 (2014/15: £165,191) for those staff whose total remuneration was over £60,000.

	Year to 31 August 2016 No. of Staff	Year to 31 August 2015 No. of Staff
The number of staff whose remuneration was over £60,000 to whom retirement benefits are accruing under:		
- money purchase schemes	20	29
- defined benefit schemes	5	10

By activity, the average monthly number of persons employed by the Group during the period was:

	Year to 31 August 2016 No. of Staff	Year to 31 August 2015 No. of Staff
Delivery staff	989	1,153
Services staff	178	213
	1,167	1,366

Key Management Personnel

The total employment benefits of the key management personnel were £672,167 (2014/15: £766,912) and total employer pension contributions for 5 people totalled £84,156 (2014/15: £107,288 for 6 people).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016

4. NET INCOME / EXPENDITURE is stated after charging / (crediting)	Year to 31 August 2016	Year to 31 August 2015 Restated
	£'000	£'000
Auditors' remuneration:		
Audit (Charity 2015/16: £37,260, 2014/15: £37,150)	72	63
Tax Advice	10	8
Other	2	7
Depreciation (note 8)	1,216	1,105
Goodwill amortisation (note 7)	-	69
Remuneration of the Board of Trustees (note 6)	133	96
Exchange differences	117	120
Governance costs	290	183
Operating lease rentals:		
Hire of plant and machinery	35	115
Property	1,456	1,863
Vehicles	5	10
Gain on sale of tangible fixed assets	(112)	(27)
Impairment of assets	-	107

5. ANALYSIS OF TOTAL EXPENDITURE – GROUP

	Direct Staff Costs	Support Staff Costs	Materials Production and Training Delivery	Premises	Other Project Expenditure (including depreciation)	Other Support Expenditure	Year to 31 August 2016	Year to 31 March 2015 Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure on charitable activities								
Teaching	18,196	1,656	20	1,625	6,382	1,079	28,958	28,603
Research	81	-	84	-	60	-	225	(290)
Consultancy services	3,502	1,157	109	2	13,999	753	19,522	32,858
Counselling and guidance	6,252	468	68	303	2,625	306	10,021	10,730
Support for educators	4,743	27	642	156	3,722	17	9,307	10,656
	32,774	3,308	923	2,086	26,788	2,154	68,033	82,557
Investment manager's fees	-	-	-	-	-	48	48	38
Total expenditure	32,774	3,308	923	2,086	26,788	2,202	68,081	82,595

All direct expenditure is charged to the relevant charitable activity on an accruals basis.

Expenditure has been shown under the main categories and split between direct and indirect costs. Other expenditure includes consultancy fees and other costs incurred in order to meet the Charity's contractual obligations.

Support, governance and development expenditure which is not directly attributable to a charitable activity has been allocated based on the income of that activity as a proportion of the Group incoming resources. Governance costs are reported in note 4.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
6. TRANSACTIONS WITH TRUSTEES AND CONNECTED PARTIES

			Year to 31 August 2016	Year to 31 August 2015
Recipient	Nature		£	£
P Graf		Remuneration	20,000	23,333
S Hunt	until 24 May 2016	Remuneration	11,333	15,567
S Laing	until 24 May 2016	Remuneration	11,333	15,567
P Wood		Remuneration	15,500	15,567
J Rose	until 4 December 2015	Remuneration	-	4,068
T Walsh	from 1 January 2015	Remuneration	10,000	3,333
A Macleod	from 1 January 2015	Remuneration	15,500	5,167
D Hawker	from 1 January 2015	Remuneration	15,500	5,167
P Rawlinson	from 1 January 2015	Remuneration	15,500	5,167
C Gilbert	from 1 January 2015	Remuneration	10,000	3,333
J Owen	from 24 May 2016	Remuneration	4,208	-
B Humphreys	from 24 May 2016	Remuneration	4,208	-
			133,082	96,269

The Trustees were appointed under clauses 14.1 and 14.2 of the Memorandum and Articles of Association.

Trustees are remunerated monthly based on their role as Trustee. The levels of remuneration were approved by the Charity Commission in 2014/15. Trustees with additional responsibilities such as chair to a committee are remunerated at a higher level.

Nature of expense	Number of Board Members		Year to	Year to
	2015/16	2014/15	31 August 2016 £	31 August 2015 £
Travel expenses	8	10	5,859	2,594
Subsistence / meals / hospitality	-	1	-	10
Hotels / accommodation	-	3	-	559
Other expenses	1	2	866	359
			6,725	3,522

(c) Transactions with connected parties
(i) Subsidiary Undertakings

The following management and other fees were charged by the Charity to its subsidiaries

	Year to 31 August 2016 £'000	Year to 31 August 2015 £'000
CfBT Advice and Guidance Ltd	932	1,050
CfBT Education Services (B) Sdn Bhd	1,069	791
CfBT for Education LLC	407	595
International School of Cape Town (Pty) Ltd	11	13
CfBT Education Services and Partners LLC	99	103
CfBT Multimedia Education Sdn Bhd	2	2

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
6. TRANSACTIONS WITH TRUSTEES AND CONNECTED PARTIES (continued)

The following balances were owed to / by the Charity at the year-end date:

	Year to 31 August 2016 £'000	Year to 31 August 2015 £'000
CfBT Advice and Guidance Ltd	583	455
CfBT Education Services (B) Sdn Bhd	794	1,284
CfBT for Education LLC	(52)	22
International School of Cape Town (Pty) Ltd	1,188	1,058
CfBT Education Services and Partners LLC	1,578	1,244
CfBT Multimedia Education Sdn Bhd	135	112
CfBT Education Services (Malaysia) Sdn Bhd	160	131
Monkton House Kings College (Cardiff) Educational Trust Ltd	439	1,039
League for the Exchange of Commonwealth Teachers	(77)	(90)
Waverley School (Waverley Way) Ltd	98	93

The above balances are repayable to the Charity; however, provisions have been made against balances where repayment is doubtful.

(ii) Other connected parties

Education Development Trust has representation on the Board of CfBT Schools Trust and Schools Trust is therefore treated as a related party of the Charity. All transactions between the parties are made on an arm's length basis.

The related party transactions during the period to 31 August were:

	12 Months to 31 August 2016 £'000	12 Months to 31 August 2015 Restated £'000
Recovery of transactional expenditure paid on behalf of Schools Trust	-	19
Recovery of Schools Trust staff salary costs paid by Education Development Trust on behalf of Schools Trust	1,092	914
Charge for Education Development Trust services supporting Schools Trust	69	137
Services provided to Schools Trust Schools within normal Education Development Trust business	51	89
Services received from Schools Trust Schools as part of normal Education Development Trust business	123	-

CfBT Schools Trust owed £134,716 (2014/15: £126,948) to Education Development Trust as at 31 August and this amount is included within other debtors in both the Charity and Group figures.

NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 August 2016

7. INTANGIBLE FIXED ASSETS	-----Group-----		-----Charity-----	
	2015/16 £'000	2014/15 £'000	2015/16 £'000	2014/15 £'000
GOODWILL				
Cost				
At 1 September	9,786	11,130	9,626	9,938
Disposals	-	(1,134)	-	(312)
At 31 August	9,786	9,786	9,626	9,626
Accumulated aggregate amortisation				
At 1 September	(9,786)	(11,061)	(9,626)	(9,938)
Charge for the year	-	(69)	-	-
Disposals	-	1,344	-	312
At 31 August	(9,786)	(9,786)	(9,626)	(9,626)
Net book amount at 31 August	-	-	-	-

8. TANGIBLE FIXED ASSETS

GROUP	Freehold	Leasehold	Motor	Office	IT Systems and	Total
	Property £'000	Improvement £'000	Vehicles £'000	Fixtures £'000	Computers £'000	
Cost						
As at 1 September 2015	5,010	5,160	334	1,892	5,844	18,240
Additions	148	925	40	154	397	1,664
Disposals	(601)	(919)	(56)	(646)	(1,216)	(3,438)
Exchange adjustment	88	15	68	78	41	290
As at 31 August 2016	4,645	5,181	386	1,478	5,066	16,756
Depreciation						
As at 1 September 2015	1,526	2,377	250	1,691	3,305	9,149
Charge for the year	125	306	42	103	640	1,216
Eliminated on disposal	(259)	(937)	(56)	(639)	(1,110)	(3,001)
Exchange adjustment	21	12	56	68	37	194
As at 31 August 2016	1,413	1,758	292	1,223	2,872	7,558
Net book value at 31 August 2016	3,232	3,423	94	255	2,194	9,198
Net book value at 31 August 2015	3,484	2,783	84	201	2,539	9,091

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
8. TANGIBLE FIXED ASSETS (continued)

CHARITY	Freehold Property £'000	Leasehold Improvement £'000	Motor Vehicles £'000	Office Fixtures £'000	IT Systems and Computers £'000	Total £'000
Cost						
As at 1 September 2015	2,538	4,984	146	1,525	5,627	14,820
Additions	-	925	13	104	371	1,413
Disposals	(601)	(896)	(28)	(577)	(1,197)	(3,299)
Exchange adjustment	-	5	7	2	2	16
As at 31 August 2016	1,937	5,018	138	1,054	4,803	12,950
Depreciation						
As at 1 September 2015	609	2,267	121	1,377	3,136	7,510
Charge for the year	45	265	11	71	605	997
Eliminated on disposal	(259)	(913)	(28)	(569)	(1,093)	(2,862)
Exchange adjustment	-	2	3	1	2	8
As at 31 August 2016	395	1,621	107	880	2,650	5,653
Net book value at 31 August 2016	1,542	3,397	31	174	2,153	7,297
Net book value at 31 August 2015	1,929	2,717	25	148	2,491	7,310

NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 August 2016

9. FIXED ASSET INVESTMENTS

Portfolio structure	-----Group and Charity-----			
	-----2015/16-----		-----2014/15-----	
	%	£'000	%	£'000
GBP bonds	2.5%	247	5.4%	486
International bonds	10.3%	1,044	5.6%	507
UK equities	21.1%	2,133	24.4%	2,197
International equities (other than UK)	14.7%	1,491	13.1%	1,182
UK Multi Asset Funds	4.6%	467	6.0%	542
International Multi Asset Funds	0.2%	15	0.2%	18
Multi Asset Funds non-region specific	45.1%	4,564	44.7%	4,022
Cash held by investment managers in money market funds	1.5%	156	0.6%	50
Market value as at 31 August	100%	10,117	100%	9,004

Investment Property

Balance at 1 September	-	750
Transfer to fixed assets (note 8)	-	(750)

Total value of fixed asset investments at 31 August	10,117	9,004
--	---------------	--------------

Movement in market value of investments	2015/16 £'000	2014/15 £'000
Opening market value as at 31 August	9,004	9,976
Additions	1,479	1,516
Disposals	(1,590)	(1,467)
Transfer	-	(750)
Unrealised gains / (losses)	924	(336)
Realised gains	194	151
Increase / (decrease) in cash	106	(86)
Closing market value as at 31 August	10,117	9,004

During 2014/15 the Charity decided that the investment property would be utilised for charitable activity, and no longer held as an investment. From the date of the decision the property was transferred and held as a fixed asset and reflected within freehold property. The property is being depreciated over a useful life of 30 years. The property was transferred at the last investment holding valuation of £750,000, undertaken by Lambert Smith Hampton, property surveyors, on 2 March 2010. Refurbishment costs of bringing the property into use of £883,691 were capitalised on completion and are being depreciated over 10 years.

Historical cost of investment portfolio

	-----Group and Charity-----	
	2015/16 £'000	2014/15 £'000
Costs as at 31 August	7,649	7,465

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
10. INVESTMENTS IN SUBSIDIARIES

The Charity holds investments in principal undertakings as follows:

	Country of Registration	Company / Charity No	% Holding of Issued Share Capital	Turnover £'000	Expenditure £'000	Net Assets/ (Liabilities) £'000
Teaching						
CfBT Education Services (B) Sdn Bhd	Brunei	n/a	55%	18,184	17,531	5,271
International School of Cape Town (Pty) Ltd	South Africa	2002/026764/07 / n/a	100%	1,366	1,293	454
Waverley School (Waverley Way) Ltd	Great Britain	3181579 / n/a	100%	-	44	379
Monkton House Kings College (Cardiff) Education Development Trust Ltd	Great Britain	894179 / 525759	100%	3	2	(450)
CfBT Multimedia Education Sdn Bhd	Malaysia	482193-M	100%	113	105	779
CfBT Education Services (Malaysia) Sdn Bhd	Malaysia	262696-M	100%	-	218	(1,002)
Consultancy services						
CfBT for Education LLC	Abu Dhabi	n/a	49%	6,045	6,072	5,720
League for the Exchange of Commonwealth Teachers	Great Britain	4294081 / 1089920	100%	-	621	(567)
Counselling and Guidance						
CfBT Advice and Guidance Ltd	Great Britain	3370728 / 270901-01	100%	9,319	18,629	(21,969)
Support for Educators						
CfBT Education Services and Partners LLC	Oman	n/a	70%	1,136	1,301	(170)
CfBT Education Services	India	n/a	100%	256	272	83
CfBT Education Resource Management Private Ltd	India	n/a	100%	122	112	30

As explained in Note 20 CfBT Advice and Guidance Ltd is in the process of entering Administration. It is the intention of Education Development Trust to acquire the trade and assets of CfBT Advice and Guidance Ltd from the Administrators. This has been accounted for as a non-adjusting post balance sheet event.

The Charity has a 49% shareholding in CfBT for Education LLC, a company which delivers education and training services in Abu Dhabi. The Charity has effective control and as such the LLC's results have been consolidated within the Group.

Transactions with subsidiaries are detailed in the related parties note 6c.

INVESTMENTS DURING THE YEAR
CHARITY

	Subsidiary Investment Total £'000
Cost as at 1 September 2015	1,194
Less provision against investment	(106)
Cost as at 31 August 2016	1,088

During the year a provision was made against an investment in one of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
11. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	<u>As at</u> 31/08/16 £'000	<u>As at</u> 31/08/15 £'000	<u>As at</u> 31/08/16 £'000	<u>As at</u> 31/08/15 £'000
Amounts falling due within one year				
Trade debtors	4,961	7,230	4,160	5,411
Amounts owed by Group undertakings	-	-	1,204	3,048
Other debtors	3,464	3,772	605	805
Prepayments	594	727	295	428
Accrued income	5,009	5,459	1,754	2,855
	14,028	17,188	8,018	12,547
Amounts falling due in more than one year				
Pension asset	-	7,976	-	7,976
	-	7,976	-	7,976

Under a contract with a local authority, the latter has assumed responsibility for a part of any pension deficit that may exist at the end of the contract. As a result, an amount equal to an appropriate share of the pension deficit calculated in accordance with FRS 102 was included as a current asset recoverable in more than one year. The contract ended on 31st August 2016. Immediately prior to this the current pension asset was revalued up to £12,581k and then this asset was extinguished on settlement of the contract. All movements are included in other recognised gains and losses within the SOFA.

12. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	<u>As at</u> 31/08/16 £'000	<u>As at</u> 31/08/15 Restated £'000	<u>As at</u> 31/08/16 £'000	<u>As at</u> 31/08/15 Restated £'000
Amounts falling due within one year				
Trade creditors	2,013	1,659	1,795	1,425
Amounts owed to Group undertakings	-	-	133	357
Monies held on behalf of third parties	816	800	812	795
Taxation and social security	504	566	289	373
Awards & grants committed funds	45	81	45	81
Other creditors	3,861	3,810	1,322	1,918
Accruals	4,103	5,846	3,022	4,546
Deferred income	4,552	5,514	4,521	5,338
Tax	172	170	-	-
	16,066	18,446	11,939	14,833

Comparatives for 2014/15 have been restated under the Charities SORP (FRS102) for the holiday pay accrual for the Group (£350k) and Charity only (£200k) figures.

Comparatives for 2014/15 have been restated to reclass £19k of pension scheme deficit recovery payments paid to the Pensions Trust from other creditors to provisions (see note 14).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
12. CREDITORS (continued)

	Group		Charity	
	As at 31/08/16 £'000	As at 31/08/15 £'000	As at 31/08/16 £'000	As at 31/08/15 £'000
Movement in deferred income				
Opening balance at 1 September	5,514	6,827	5,338	6,075
Utilised in the year	(3,992)	(6,721)	(3,815)	(5,954)
Income deferred in the year	3,030	5,408	2,998	5,217
Closing balance at 31 August	4,552	5,514	4,521	5,338

13. RESTRICTED FUNDS

	League for the Exchange of Commonwealth Teachers	Kings Monkton College	Alexandria Schools Trust	Year to 31 August 2016	Year to 31 August 2015 Restated
	£'000	£'000	£'000	£'000	£'000
Balance at 31 August 2015	55	-	5,262	5,317	5,403
Income	-	3	169	172	153
Expenditure	(14)	(2)	(301)	(317)	(163)
Net gains / (losses) on investments	-	-	577	577	(66)
Transfers	-	(1)	-	(1)	(41)
Other recognised (losses) / gains	(607)	-	-	(607)	31
Balance at 31 August 2016	(566)	-	5,707	5,141	5,317

Restricted Fund Balance Sheet

Tangible Fixed Assets / Investments	-	-	5,552	5,552	4,982
Current Assets (excluding Cash)	77	-	-	77	697
Cash	18	-	221	239	461
Current Liabilities	(11)	(450)	(66)	(527)	(1,234)
Transfers from General funds	-	450	-	450	451
Net Assets before pension scheme liabilities	84	-	5,707	5,791	5,357
Defined benefit pension scheme liabilities	(650)	-	-	(650)	(40)
Net Assets as at 31 August 2016	(566)	-	5,707	5,141	5,317

The charitable objectives of Monkton House Kings College (Cardiff) Educational Trust Ltd and the League for the Exchange of Commonwealth Teachers are narrower than those of Education Development Trust.

Alexandria Schools Trust was acquired on 8 December 2011. The assets of the Trust were transferred to Education Development Trust on 1 April 2014. As part of the transfer agreement the former Trustees of Alexandria Schools Trust placed restrictions on the use of the funds and therefore the fund is still treated as restricted in the Charity. The use of these funds is restricted to the advancement of education in Egypt and other countries, in accordance with British educational principles and practice.

In prior years funds have been transferred from unrestricted (general) to restricted reserves to fund the shortfall recorded in the separate accounts of the subsidiary. The surplus of £1k generated by Kings Monkton College in 2015/16 has now been transferred back into General funds.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
14. PROVISION FOR LIABILITIES AND CHARGES
GROUP

	Onerous Leases	Dilapidations	Tax	Other	Pension deficit reduction payments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 September 2015 (restated)	73	771	319	513	183	1,859
Utilised during the year	(24)	(49)	(45)	(495)	-	(613)
Charge / (release) for the year	-	6	(149)	5	(23)	(161)
As at 31 August 2016	49	728	125	23	160	1,085

CHARITY

As at 1 September 2015 (restated)	71	700	196	512	183	1,662
Utilised during the year	(24)	(47)	(44)	(495)	-	(610)
Charge / (release) for the year	2	(26)	(152)	5	(23)	(194)
Transfer	-	101	-	-	-	101
As at 31 August 2016	49	728	-	22	160	959

Provisions due in over one year

Within the figures reported for both the Group and the Charity the following provisions are due after one year

	Onerous Leases	Dilapidations	Tax	Other	Pension deficit reduction payments	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Due after one year	22	682	-	-	140	844

The provision for dilapidations is a best estimate of the Group's liability as tenant for the repair and redecoration of leased buildings on termination of the leases. The transfer in the year relates to dilapidation provisions for properties which are sublet to a subsidiary company. In prior years the provision has only been reflected in the subsidiary's financial statements.

Provisions at 1 September 2015 have been restated under the Charities SORP (FRS 102) for the pension scheme deficit reduction payments, which relate to the deficit recovery plan in place in respect of Education Development Trust's membership of the Pension Trust's Growth Plan. The £160k provision as at 31 August 2016 (2015: £183k) shown above represents the present value of contributions payable by Education Development Trust that result from the terms of the deficit recovery plan in respect of the Growth Plan.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**15. PENSIONS**

The group operates both defined contribution and defined benefit pension schemes.

a. Defined contribution schemes

The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and amounted to £595,055 (2014/15: £757,124). Contributions totalling £85,102 (2014/15: £103,104) were payable to the fund at the year end and are included in creditors.

The Group also contributes to the Teachers' Pension Scheme which is an unfunded, statutory, final salary scheme. Under this scheme benefits are paid out of monies provided by Parliament and teachers' and employers' contributions are credited to the Exchequer. The pension cost charge represents contributions payable by the Group to the fund and amounted to £186,019 (2014/15: £189,488). Contributions totalling £23,540 (2014/15: £23,175) were payable to the fund at the year end and are included in creditors.

The Group also participates in the Pension Trust's Growth Plan. This is a funded, multi-employer scheme with defined benefit characteristics. As it is not possible to identify on a consistent basis the share of underlying assets and liabilities belonging to an individual employer, this scheme is treated as a defined contribution scheme. Contributions payable in the year, amounted to £22,399 (2014/15: £22,275).

The results of the Growth Plan scheme valuation as at 30 September 2014 show a deficit of £177m. A recovery plan has been established which aims to eliminate the funding deficit over a period of 12 years and 6 months from April 2016. The additional employer contributions required from Education Development Trust as part of this recovery plan are £0.03m per annum. In line with the requirements of the SORP and FRS 102, the present value of contributions payable under the terms of this recovery plan must be recognised as a liability and this is detailed at note 14 to the consolidated financial statements.

b. Defined benefit scheme

The parent and one subsidiary participate in local government pension schemes (LGPS) operated by The Royal Borough of Windsor & Maidenhead (the Berkshire County Council scheme), Oxfordshire County Council, The London Pension Fund Authority and Lincolnshire County Council, providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the Group.

A subsidiary also participates in the multi-employer Prudential Platinum defined benefit pension scheme. The assets of each employer in the scheme are kept entirely separate. Another subsidiary, the League for the Exchange of Commonwealth Teachers, has a closed scheme.

The pension costs for each scheme are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

As explained in Note 20, CfBT Advice and Guidance Ltd, a subsidiary which participated in the Berkshire, Oxfordshire and London LGPS and in the Prudential Platinum scheme, is in the process of entering Administration.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
15. PENSIONS (continued)
Derivation of figures

With the exception of the Prudential Platinum pension scheme where the figures disclosed below have been derived by approximate methods from the full actuarial valuation carried out by Xafnity Consulting Limited as at 31 December 2012, and the closed subsidiary scheme, where the figures have been derived by approximate methods from the full actuarial valuation carried out by JLT Pension Capital Strategies Ltd as at 1 April 2015, the figures disclosed below have been derived by approximate methods from the full actuarial valuations of the funds at 31 March 2013 carried out by Barnett Waddingham LLP (Berkshire County Council scheme, Oxfordshire County Council scheme and The London Pension Fund Authority scheme) and Hymans Robertson (Lincolnshire County Council Pension Fund).

There is no provision for unitising the assets of a fund under the LGPS. The assets of each fund as a whole are allocated to participating bodies on a consistent and reasonable basis. The assumptions used in calculating defined benefit assets and liabilities are shown in the following table:

Assumptions	2015/16	2014/15
RPI	2.8%-3.2%	3.1% – 3.4%
CPI	2.2%-2.3%	2.4% – 2.5%
Salary increases per annum	3.3%-4.1%	3.6% – 4.3%
Pensions increases per annum	2.0%-3.0%	2.3% – 2.8%
Discount rate per annum	1.9%-2.1%	3.7% – 3.9%

The above salary increases are the long-term rates. The current short-term pay freezes are reflected in the valuations.

Mortality assumptions

Each fund uses assumptions appropriate to that fund. The Prudential Platinum Scheme uses the S2PA tables, long cohort with a 1% improvement. The closed scheme uses the PCA00 tables with a 1.5% underpin. The local government schemes use both Club Vita and SP1A tables. Both tables are used with a long cohort projection and 1.25–1.5% underpin.

	Year to 31 August 2016 £'000	Year to 31 August 2015 £'000
Composition of assets and liabilities:		
Equities	15,487	29,860
Gilts	7,477	8,934
Other bonds/property	7,762	10,709
Cash/other	4,324	6,714
Plan assets at fair value	35,050	56,217
Present value of funded liabilities	(59,563)	(77,342)
	(24,513)	(21,125)
Present value of unfunded liabilities	(87)	(68)
Net liability	(24,600)	(21,193)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
15. PENSIONS (continued)

	Year to 31 August 2016 £'000	Year to 31 August 2015 £'000
Reconciliation of the present value of liabilities		
Opening present value of liabilities	77,410	78,737
Current service cost	376	547
Interest cost	2,856	2,902
Contributions by participants	93	135
Net benefits paid out	(3,218)	(3,007)
Settlements	116	15
Actuarial (gains) / losses	21,558	(1,919)
Extinguished on cessation	(39,541)	-
Closing present value of liabilities	59,650	77,410

Reconciliation of the fair value of assets		
Opening fair value of assets	56,217	56,600
Interest income	2,068	2,082
Re-measurement gains / (losses): return on scheme assets excluding interest income	5,806	(908)
Contributions by employer	1,014	1,351
Contributions by participants	93	135
Net benefits paid out	(3,219)	(3,008)
Administration expenses	(85)	(35)
Extinguished on cessation	(26,844)	-
Closing fair value of assets	35,050	56,217

Amounts recognised in the balance sheet		
Fair value of plan assets	35,050	56,217
Present value of plan liabilities	(59,60)	(77,410)
Net liability	(24,600)	(21,193)

Return on assets		
Actual return on assets	7,874	1,174

Amount recognised in the SOFA		
Current service cost	376	547
Administration expenses	85	36
Settlement cost	116	15
Net interest on defined benefit liability	788	820
Expense recognised	1,365	1,418

	Year to 31 August 2016 £'000	Year to 31 August 2015 £'000
Analysis of actuarial loss recognised within the SOFA gains and losses category		
Actual return less interest income included in net interest income	5,806	908
Experience gains and losses arising on scheme liabilities	(1,207)	53
Changes in assumptions underlying the present value of scheme liabilities	(20,352)	1,866
Assets and liabilities extinguished on cessation	12,697	-
Total actuarial (gains) / losses	(3,056)	1,011

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
16. OPERATING LEASE COMMITMENTS

At 31 August there were annual commitments under non-cancellable operating leases expiring as follows:

	At 31 August 2016 £'000	At 31 August 2015 Restated £'000
Land and buildings		
Group		
Within one year	726	757
Within two to five years	2,296	3,443
After five years	12,254	12,888
	15,276	17,088
Charity		
Within one year	57	245
Within two to five years	151	318
After five years	12,254	12,888
	12,462	13,451
Other operating leases		
Group		
Within one year	14	21
Within two to five years	-	22
	14	43
Charity		
Within one year	6	15
Within two to five years	-	22
	6	37

The land and building lease commitment figure for both the Charity and the Group includes a total of £4.5m relating to properties which are sub-let to another organisation.

17. AWARDS AND GRANTS

	Group and Charity £
Research grants awarded during the 12 months for 2015/16	
Research Grant English Language Trends 2015/16	21,545
Research Grant Welsh Language Trends 2015/16	18,847
Research Grant Vietnamese Reform Story	30,000
Research Grant Promising Reform India	25,000
Research Grant Rapid School Improvement	22,000
Other small grants awarded (under £10k per grant) and other direct research expenditure	49,656
Sub Total of Research Grants Awarded	167,048
Administration expenditure 2015/16	88,412
Grants awarded in prior years no longer required	(30,815)
Net Movement on Awards and Grants 2015/16	224,645

Further information regarding the recipients of these grants can be provided on request.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
18. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	-----GROUP-----			-----CHARITY-----		
	General Fund £'000	Restricted Funds £'000	Total 2014/15 £'000	General Fund £'000	Restricted Funds £'000	Total 2014/15 £'000
INCOME						
<u>Income from investments</u>						
Dividends receivable	114	153	267	114	153	267
Rental income	573	-	573	571	-	571
Interest income	74	-	74	47	-	47
<u>Income from charitable activities</u>						
Teaching	28,479	-	28,479	9,371	-	9,371
Consultancy services	34,421	-	34,421	26,519	-	26,519
Counselling and guidance	9,651	-	9,651	1,726	-	1,726
Support for educators	11,517	-	11,517	10,120	-	10,120
Total income	84,829	153	84,982	48,468	153	48,621
EXPENDITURE						
<u>Expenditure on raising funds</u>						
Investment managers' fees	38	-	38	38	-	38
<u>Expenditure on charitable activities</u>						
Teaching	28,644	(41)	28,603	9,598	-	9,598
Research	(290)	-	(290)	(290)	-	(290)
Consultancy services	32,839	19	32,858	26,722	-	26,722
Counselling and guidance	10,730	-	10,730	1,361	-	1,361
Support for educators	10,471	185	10,656	10,054	185	10,239
Total expenditure	82,432	163	82,595	47,483	185	47,668
Exchange (losses) / gains	(328)	40	(288)	(288)	-	(288)
Net (losses) / gains on investments	(119)	66	(185)	(119)	(66)	(185)
Net income / (expenditure) before transfers	1,950	(36)	1,914	578	(98)	480
Transfers between funds	41	(41)	-	-	-	-
Net income / (expenditure)	1,991	(77)	1,914	578	(98)	480
<u>Other recognised gains and losses</u>						
Actuarial gain on defined benefit pension schemes	980	31	1,011	1,208	-	1,208
Loss on pension scheme current asset	(1,124)	-	(1,124)	(1,124)	-	(1,124)
Exchange gain	233	-	233	-	-	-
Total recognised gains for period	89	31	120	84	-	84
Net movement in funds before minority interest	2,080	(46)	2,034	662	(98)	564
Less: minority interest	(426)	-	(426)	-	-	-
Net movement in funds after minority interest	1,654	(46)	1,608	662	(98)	564
Balance brought forward at 1 Sept 2014	3,433	5,403	8,836	9,160	5,361	14,521
Balance carried forward at 31 Aug 2015	5,087	5,357	10,444	9,822	5,263	15,085

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016
19. TRANSITION TO FRS 102

This is the first year that the Group and the Charity have presented their results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 August 2015. The date of transition to FRS 102 was 1 September 2014.

Set out below are the changes in accounting policies and a reconciliation of total funds as at 1 September 2014, net income for the year ended 31 August 2015 and total funds as at 31 August 2015 as previously reported under UK GAAP and restated under FRS 102.

	GROUP			CHARITY		
	Total funds as at 01/09/2014 £'000	Movement in funds for yr to 31/08/2015 £'000	Total funds as at 31/08/2015 £'000	Total funds as at 01/09/2014 £'000	Movement in funds for yr to 31/08/2015 £'000	Total funds as at 31/08/2016 £'000
As previously stated under UK GAAP	9,063	1,637	10,700	14,920	567	15,487
<i>Transitional adjustments</i>						
Release negative goodwill	a	322	(26)	296	-	-
Provision for pension scheme deficit recovery payments	b	(199)	(3)	(202)	(199)	(3)
Holiday pay accrual	c	(350)	-	(350)	(200)	-
Restated in accordance with FRS 102	8,836	1,608	10,444	14,521	564	15,085

- The Charities SORP (FRS102) requires that for non-exchange transactions, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in income and expenditure. This has resulted the negative goodwill balance of £322k being released to opening reserves on the transition date and the related amortisation credit of £26k previously recognised in income for the year ended 31 August 2015 being reversed.
- The provision for pension scheme deficit reduction payments relates to the deficit recovery plan in place in respect of Education Development Trust's membership of the Pension Trust's Growth Plan. As further explained at note 14, and in line with the Charities SORP (FRS 102), the provision represents the present value of contributions payable by Education Development Trust that result from the terms of the deficit recovery plan in respect of the Growth Plan. The provision at 31 August 2015 was £183k and movements in the year to 31 August 2015 were £3k interest expense (unwinding discount) and £19k of deficit contributions which were already held on the balance sheet (in other creditors).
- In applying the requirement to recognise employee benefits, a liability has been recognised at the date of transition and at subsequent reporting dates for the short term compensated absence arising from employee entitlement to annual leave.

All restatements affect unrestricted funds only.

There are two other significant restatements, which do not affect funds or net movement in funds:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016**19. TRANSITION TO FRS 102 (continued)**

FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce group net income by £1,047k and charity only net income by £638k for the year ended 31 August 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported net funds as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in net income is mirrored by an increase in actuarial gains which are presented within other gains and losses.

Group and Charity only expenditure comparatives for the year ended 31 August 2015 have been restated under the Charities SORP (FRS 102) for £0.2m of governance costs and £1.2m of development costs, which were previously disclosed separately on the SOFA. Under the Charities SORP (FRS 102), governance and development costs are considered akin to support costs and allocated across the other categories of expenditure.

20. POST BALANCE SHEET EVENT

A subsidiary of the Group, CfBT Advice and Guidance Ltd, is in the process of entering Administration. It is the intention that the trade and assets of the company will be acquired by Education Development Trust from the Administrators in an arm's length transaction. The consideration will be based on the realisable value of debtors and an independent valuation of other assets (tangible and intangible) and of customer contracts. As a result, the net liabilities of CfBT Advice and Guidance Ltd, which were £22m at 31 August 2016, will no longer be part of the Group's balance sheet after Administration and will be replaced by the assets to be acquired. This has been treated as a non-adjusting post balance sheet event.