

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details of the Academy Trust	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Statement of Trustees' responsibilities	16
Independent auditors' report on the financial statements	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 45

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members J Bishop, Headteacher (resigned 1 September 2015)
M Whitelock (resigned 25 April 2016)
H Massey
K Dyson
S Taylor

Trustees H Massey, Chair^{1,2,3,4,5,6,7}
J Bishop, Headteacher^{1,2,3,4,5}
M Whitelock (resigned 25 April 2016)
S Taylor, Vice Chair^{1,2,3,4,5,6,7}
K Dyson^{1,2,3}
C Pepper^{1,3,4}
K Dyson^{2,3,4}
R Billen²
M Gordon^{2,3,4,5}
J Waddingham^{1,4,6}
M Pitts¹
B Renfree^{2,5,7}
C Bradley (resigned 3 June 2016)
M Narramore⁵
N Bland (appointed 15 September 2015)^{1,2}
W Jordan (appointed 15 September 2015)⁵
B Williams (appointed 5 September 2016)
J Gale (appointed 13 September 2016)
H Litvak (appointed 1 November 2016)

- ¹ Local Advisory Board
- ² Personnel Committee
- ³ Admissions Committee
- ⁴ Strategy Committee
- ⁵ Finance and Premises Committee
- ⁶ Communications Committee
- ⁷ Health and Safety Committee

Company registered number 07339625

Company name Cornerstone Academy Trust

Principal and Registered office School Lane
Exeter
Devon
EX5 3JG

Company secretary Mr G Newbery

Accounting Officer Mr J Bishop

Senior management team J Bishop, Headteacher
D James, Deputy Head
N Rothery, Assistant Head
G Newbery, Business Manager

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
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Bankers	Lloyds TSB 234 High Street Exeter Devon EX4 3NL
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Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP
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**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 2 to 11 in Broadclyst, Exeter. It has a pupil capacity of 450 (plus a 36 place Nursery) and had a roll of 436 (excluding the Nursery) in the school census in October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Cornerstone Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

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

Trustees' Indemnities

The Academy has Professional Indemnity insurance for Trustees and Officers Liability via Zurich Insurance. The limit of indemnity is £2,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Trustees are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the financial year under review the Trustees held six full Trustees' meetings and over twenty Trustees' committee meetings. The training and induction provided for new Trustees will depend on their existing experience.

The Academy buys the services of Browne Jacobson Solicitors who provide regular training events and also will provide bespoke training for Trustees on request. Trustees are given access to an on line Trustee portal on the school's site where they can obtain copies of policies, improvement plans, minutes, and other documents that they will need to undertake their role as Trustees. All Trustees also have access to an online specialist information depository aimed solely at school Trustees.

There is at least one Trustees' away day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees meets monthly. The Board establishes an overall framework for the governance of the

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 7 committees as follows;

- Local Advisory Board
- Personnel Committee
- Admissions Committee
- Strategy Committee
- Finance and Premises Committee
- Communications Committee
- Health and Safety Committee

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chair and/or Vice Chair, to appoint the Headteacher and Clerk to the Trustees, to approve the Trust Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Leadership Team. The core Leadership Team comprises the Headteacher, Deputy Headteacher, Assistant Headteacher and the Business Manager. The SMT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the senior management team in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year for their role as Trustee.

The setting of pay and remuneration of key management personnel is carried out via a two stage process. Initially, the chairs of subcommittees meet to review performance against pre-agreed targets. A recommendation to award a pay rise is then put forward. This is then reviewed by the finance sub-committee (or full board of trustees) and then a final decision is made by the full board of trustees. The pay increase awarded is broadly in accordance with national average earning increases.

All Trustees give their time freely and no Trustee (apart from the two staff Trustees) received remuneration in the year.

Details of any Trustee's expenses and related party transactions are disclosed in the notes to the accounts.

Connected Organisations, including Related Party Relationships

Heatree Activity Centre is a related party as Mr Bishop and Mr Pitts, who are Trustees of the Academy, are also Trustees of the Centre.

Mr Bishop is also a Trustee of the South West Grid for Learning.

The transactions with Heatree Activity Centre and South West Grid for Learning are undertaken at arm's length and are disclosed in these financial statements.

There are no other related parties which either control or significantly influence the decisions and operations of Cornerstone Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

At Cornerstone Academy Trust we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

The Academy's main strategy is to:

"Create and promote a challenging learning environment that inspires children to achieve high standards and become lifelong learners. The school has high expectations, builds children's confidence, and ensures success for all. We seek to foster creative thinkers, inquisitive questioners, and avid problem solvers with flexible skills, who are successful communicators. Children learn to collaborate effectively at all levels, including working with our international partners and are able to adapt to the needs of a diverse and fast changing society."

The main objectives of the Academy during the year ended 31st August 2016 are summarised below:

- to deliver high quality education and care to all students within the Trust.
- to maintain and enhance the standards and achievement of all pupils.
- to include and meet the needs of all pupils whatever their educational need.
- to work successfully in partnership with a range of different stakeholders that support the Academy's high achievements.
- to further develop the business management of the school to ensure value for money and good financial health.
- to review and enrich the curriculum to provide a broad and balanced curriculum.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to develop the Academy site so that it enables pupils to achieve their full potential.
- to foster partnerships with Universities, teacher training institutions and business to add value to opportunities offered by the Trust.

Objectives, Strategies and Activities

Key activities and targets were identified in the Academy Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- The continual growth of the MAT with the opening of Westclyst Community Primary School in September 2016;
- Formulating a bid for a further two free schools, including a primary and an all through school, both within Exeter;
- A review of staffing levels in the light of budgetary pressure;
- The ongoing strategic deployment of IT into the classroom as a tool to support learning;
- Further development and embedding of key financial and administrative procedures;
- Continued development of systems for tracking and monitoring pupil attainment.
- Fine tuning of extra-curricular and wrap around activities;
- Continual improvement of the in-house catering function;
- Monitoring the emergence of our teaching school as a well-regarded centre for professional development opportunities.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

STRATEGIC REPORT

Achievements and Performance

The year saw the Trust open the new Westclyst Community Primary School on 1st September. This included the appointment of staff and the securing of temporary accommodation on the Broadclyst site. To facilitate the new class on site, we redeveloped the library and introduced a new playground area for the Westclyst pupils.

As a Trust, our popularity is continually high. We had a high level of oversubscription in the intake round in September, have waiting lists across all year groups, and a full Nursery.

In a time of huge change nationally, we maintained a very focused rigour in regard to both KS1 and KS2 assessments. From the Early Years Foundation Stage profile results, through the Year 1 phonics scores, Year 2 teacher assessments and the KS2 statutory assessments at Year 6, we consistently performed better than the Devon and National averages. In fact, we performed better in 17 of 18 key metrics against the national average.

In our first full year of having the new hall and kitchen, we worked extremely hard to embed our new Dining Club. From the online pre-ordering of menu choices by families to the at table service offered to pupils, our quality home cooked meals are now enjoyed by over 80% of the pupils.

The Cornerstone Teaching School has continued to go from strength to strength. At the start of the year the then Regional Schools' Commissioner, Sir David Carter, spoke at our conference "Decoding The Future" to a wide audience, some attending virtually via Skype for Business. Since then we have run numerous events alongside our partners Microsoft and Babcock International, including "Redefining Learning" and "Beyond Monitoring" events, as well as courses targeted at Early Years specialists. The School Direct programme continues to thrive, as does its delivery partnership with the University of Exeter.

The Global Enterprise Challenge enjoyed a fantastic second year, attracting participants from around the world. The eventual winners were a school from Lebanon, with runners-up from Spain and the UK.

Our significant investment in ICT, offering one to one access in the classroom, continued this year. We refreshed the stock of devices for staff and children in KS2 with the introduction of new MS Surfaces. The use of OneNote across the curriculum has presented countless opportunities for flipped learning outside.

We now maintain three minibuses and a people carrier to ensure that classes can be taken off site to enrich their learning experience. The Academy has operated a bus service collecting pupils from the local area reducing the number of cars on the road each day. This now includes a twice daily run between Westclyst and Broadclyst.

Key Performance Indicators

As funding is based on pupil numbers this is a major key performance indicator. Pupil numbers over the last three years have seen a steady increase in the pupil roll:

- October 2014 433
- October 2015 436
- October 2016 438

Numbers taken from the main census, and exclude the Nursery.

The following KPIs were set at the start of the year:

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Area	Target	Achievement
Embed the new assessment processes with regard to "life after levels"	<p>Sustain high attainment and progress by the end of KS2:</p> <p>80% of children to achieve the expected level in Reading, Writing and Maths</p> <p>100% of children to achieve expected progress</p>	<p>Reading 79.1% Writing 82.1% Maths 80.6%</p> <p>Significantly above the national average with 100% reaching their expected progress</p>
Year 1 Phonics	90% to meet or exceed the expected level	92.5% achieved
Writing	Introduce a strong focus on improved writing opportunities	<p>Enrichment programmes widened to an offering for all Year 6 children</p> <p>More able learning Latin</p>
Maths	Introduce a strong focus on improved maths opportunities	A dedicated focus on the use of Accelerated Maths alongside the existing use of Accelerated Reader
Assessment	Inform all parents of their child's level of progress under the new system	Parents Evenings and report processes changed to reflect different information
Curriculum Review	Review each subject and link to performance management processes	Reviews carried out across the year and outputs reflected within teacher targets
Maintain existing and develop new links locally, nationally and internationally	<p>A successful second GEC competition</p> <p>Offer wide ranging Teaching School opportunities</p> <p>Continue our links with Ethiopia</p>	<p>Second year won by a Lebanese school, Spain and UK runners-up</p> <p>A variety of courses and conferences well attended</p> <p>Two teachers completed the exchange trip during the year</p>
<p>Attendance</p> <p><i>Note that data is one year old as new attendance data is not published until December.</i></p>	Match or improve the 96.6% attendance level from last year	The percentage of overall attendance was 96.9%, compared to a national average of 96.0%. This is better than last year. Persistent absence was reduced from 1.8% to 1.5%
Discipline	Maintain zero exclusions	Zero, compared to national average of 1.01% for fixed term and 0.02% permanent exclusions

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, the Academy received total income (not including fixed asset funding) of £2,952,466 and incurred total expenditure (not including fixed assets and pension) of £2,407,322. The excess of income over expenditure for the year was £545,144.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams; the need to match income with commitments; and the nature of the reserves. The Trustees policy within 2015/16 was to set aside reserves of at least £30k to cover unexpected costs with possibly higher carry forward reserves for specific capital projects. The carry forward into 2015/16 has been planned and monitored and will offset the Academy's rising employment costs, notably incremental drift and the full year effect of increased pension and national insurance costs.

The Trustees have reviewed the future plans of the Academy and have agreed that there is a need to increase the level of reserve. Within the 2016/17 period, the level of reserves held should be doubled to £60,000, including an element of self-insurance following the decision to pull out of a staff absence insurance policy. Trustees also have an aspiration, subject to the financial climate at the time of budget-setting, to further increase this to £90,000, offering protection closer to the value of a month's salary bill. The actual free reserves at the end of the period were £94,592 unrestricted free reserves and £55,663 funds restricted for specific purposes.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

The Academy will be further discussing with the Academy Bank Manager cash flow and investment opportunities and will make recommendations to Trustees on investment proposals.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year over 80% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil success and achievement are closely monitored and reviewed. This is increasingly important at a time of expansion in a close geographical area.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has an appointed internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees examine the financial health formally every half term, reviewing performance against budgets and overall expenditure. Regular update reports are also given at all Full Trustees' meeting and Finance Committee Meetings.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 21 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

We will be working towards the physical opening of the Westclyst Community Primary School. Although the school is open in temporary accommodation at Broadclyst, there will be a massive amount of carefully planned work to be carried out in order to open on-site. At the time of writing we believe this will be somewhere around Easter 2018.

In addition to this significant level of design work and project management tasks, there will also be the beginning of the pre-opening processes for any proposed new schools agreed to by the EFA. Initially there will be a huge emphasis placed upon marketing and brand awareness to establish the demand for places as we head towards opening within temporary accommodation on the Broadclyst site for 12 months.

The Academy aims to augment our links with other schools locally and nationally in order to continue to improve. We will continue to foster our partnerships with Universities, including Exeter University, Plymouth University and Nottingham University and also with commercial companies including Microsoft.

We will continue to use our status as a Microsoft Showcase School to further enrich our provision, but equally as important to help develop the ICT provision in other like-minded schools. We will continue to promote the benefits of the Global Enterprise Challenge around the world.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The Academy will further develop its teaching school and we anticipate a growth in our School Direct training programme.

Due to our success in working with other schools, we may be asked to sponsor another school and to support the Headteacher and the Senior Leadership Team through their conversion to an Academy.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on ~~13/12/2016~~ and signed on the board's behalf by:



**H Massey
Chair of Trustees**

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
H Massey, Chair	6	6
J Bishop, Headteacher, Chair	6	6
M Whitelock - resigned 25/4/16	1	4
S Taylor, Vice Chair	6	6
K Dyson	5	6
C Pepper	5	6
R Billen	4	6
M Gordon	5	6
J Waddingham	5	6
M Pitts	4	6
B Renfree	4	6
C Bradley - resigned 3/6/16	1	5
M Narramore	5	6
N Bland	5	6
W Jordan	5	6

Governance Review

During the year, Trustees have paid particular attention to matters including:

- Redefinition of the governance structure as the MAT grows
- The opening of Westclyst Community Primary School
- The application for a third school, a free school in the Monkerton area of Exeter
- Discussions with potential sponsorship schools

During the year, the growth of the MAT has given the trustees opportunity to further assess the adequacy of the governing arrangements in place. This has been supported by external organisations as well as a number of upskilling and strategic days for trustees to attend. A continual focus on the skills represented across the Board means that there is a broad base of experience and expertise across numerous specialisms.

The Finance and Premises Committee is a sub committee of the main Board of Trustees. Its purpose is:

To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

To make appropriate comments and recommendations on such matters to the governing body on a regular basis.

Major issues will be referred to the full governing body for ratification.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The committee is authorised:

- To consider the academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
- To consider and recommend acceptance/non acceptance of the academy's budget, at the start of each financial year.
- To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the headteacher, with the stated and agreed aims and objectives of the academy.
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- To liaise with and receive reports from the staffing/remuneration and curriculum committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Board of Trustees.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
- To prepare the financial statement to form part of the annual report of the Board of Trustees to parents and for filing in accordance with Companies Act and Charity Commission requirements.
- To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
- To recommend to the full governing body the appointment or reappointment of the auditors of the academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Henry Massey, Chair	7	7
Jonathan Bishop, Headteacher	7	7
Mike Whitelock – resigned 25/4/16	0	4
Ken Dyson	6	7
Rachel Billen (maternity)	3	7
Myles Gordon	7	7
Brett Renfree	6	7
Chris Bradley - resigned 3/6/16	2	5
Mark Narramore	7	7
Will Jordan	7	7

REVIEW OF VALUE FOR MONEY

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

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

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

- Value for money purchasing. There is a continuing emphasis placed upon obtaining an optimum mix of economy, efficiency and effectiveness to ensure that the goods and services purchased deliver the best possible educational outcomes for the resources invested.
- Our financial procedures require purchases to be considered in the light of best value. Wherever possible, and certainly above threshold limits, competitive quotations are sought to check what the market can offer. Purchases with an aggregate value of £50,000 or more, although few, are subject to a strict tender regime. Recent examples include the procurement of IT equipment.
- We have a system of regular risk review for each governor sub committee. This process has enabled governors to assess any risks present within decisions made or about to be made, meaning that decisions are more informed and less likely to need revisiting.
- Decisions around staffing levels are made against the backdrop of a rolling financial plan which clearly demonstrates the impact of any proposed change. Although things can change significantly in a short timescale, having a snapshot picture at the time of an important decision gives Trustees and the leadership team more confidence whether the change can be sustained (or not) and that it will not adversely impact other areas of school business.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cornerstone Academy Trust for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements..

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Academy's financial systems. In particular, the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchasing and payment systems
- Testing of control account bank reconciliations
- Testing of contracts and tendering
- Review of the catering function

On a termly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The schedule of work was delivered as planned. No material control issues were identified.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 13/12/2016 and signed on their behalf, by:



H Massey
Chair of Trustees



J Bishop
Accounting Officer

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cornerstone Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**J Bishop
Accounting Officer**

Date: 13/12/2016

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

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

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

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



J Bishop
Accounting Officer

Date: 13/12/2016

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CORNERSTONE ACADEMY TRUST**

We have audited the financial statements of Cornerstone Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

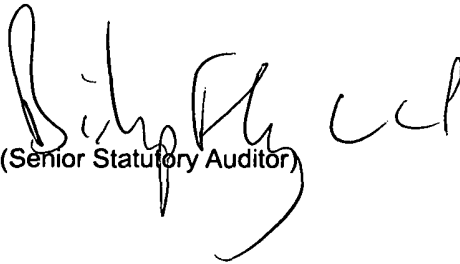
**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CORNERSTONE ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Tim Borton FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date:

22 December 2016

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
CORNERSTONE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 02 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cornerstone Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF CORNERSTONE ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Cornerstone Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2010, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

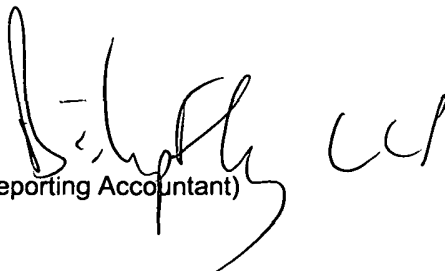
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
CORNERSTONE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date:

22 Dec 2016

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	2	2,054	4,455	9,256	15,765	13,437
Charitable activities	5	274,491	2,551,804	-	2,826,295	2,289,465
Other trading activities	3	119,389	-	-	119,389	43,455
Investments	4	273	-	-	273	639
TOTAL INCOME AND ENDOWMENTS		396,207	2,556,259	9,256	2,961,722	2,346,996
EXPENDITURE ON:						
Raising funds		1,326	-	-	1,326	5,145
Charitable activities		445,302	2,020,926	194,278	2,660,506	2,414,415
TOTAL EXPENDITURE	6	446,628	2,020,926	194,278	2,661,832	2,419,560
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(50,421)	535,333	(185,022)	299,890	(72,564)
Transfers between Funds	17	-	(264,996)	264,996	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(50,421)	270,337	79,974	299,890	(72,564)
Actuarial losses on defined benefit pension schemes	21	-	(497,000)	-	(497,000)	(26,000)
NET MOVEMENT IN FUNDS		(50,421)	(226,663)	79,974	(197,110)	(98,564)
RECONCILIATION OF FUNDS:						
Total funds brought forward		217,848	(605,233)	5,008,954	4,621,569	4,720,133
TOTAL FUNDS CARRIED FORWARD		167,427	(831,896)	5,088,928	4,424,459	4,621,569

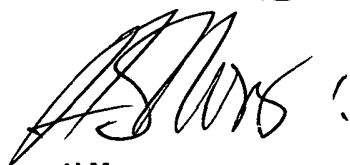
The notes on pages 24 to 45 form part of these financial statements.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07339625

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		5,161,763		5,084,354
CURRENT ASSETS					
Debtors	14	833,303		198,370	
Cash at bank and in hand		28,367		389,292	
		<u>861,670</u>		<u>587,662</u>	
CREDITORS: amounts falling due within one year	15	(309,974)		(315,447)	
NET CURRENT ASSETS			<u>551,696</u>		<u>272,215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,713,459</u>		<u>5,356,569</u>
Defined benefit pension scheme liability	21		(1,289,000)		(735,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>4,424,459</u>		<u>4,621,569</u>
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	17	457,104		129,767	
Fixed asset funds	17	5,088,928		5,008,954	
Restricted income funds excluding pension liability		<u>5,546,032</u>		<u>5,138,721</u>	
Pension reserve		(1,289,000)		(735,000)	
Total restricted income funds			<u>4,257,032</u>		<u>4,403,721</u>
Unrestricted income funds	17		<u>167,427</u>		<u>217,848</u>
TOTAL FUNDS			<u>4,424,459</u>		<u>4,621,569</u>

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:



H Massey
Chair of Trustees

The notes on pages 24 to 45 form part of these financial statements.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(149,270)</u>	<u>497,888</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		273	639
Purchase of tangible fixed assets		(202,672)	(1,129,211)
Capital grants from DfE/EFA		(9,256)	(9,126)
Net cash used in investing activities		<u>(211,655)</u>	<u>(1,137,698)</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(13,416)
Net cash used in financing activities		<u>-</u>	<u>(13,416)</u>
Change in cash and cash equivalents in the year		(360,925)	(653,226)
Cash and cash equivalents brought forward		<u>389,292</u>	<u>1,042,518</u>
Cash and cash equivalents carried forward		<u>28,367</u>	<u>389,292</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Cornerstone Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Cornerstone Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Cornerstone Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

1.4 EXPENDITURE

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

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

Charitable Activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

On conversion the academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line/term of the lease
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.9 TAXATION

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

1.10 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. The unwinding of the discount is recognised within interest payable and similar charges. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

1.13 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	2,054	4,455	-	6,509	4,311
Capital Grants	-	-	9,256	9,256	9,126
	<u>2,054</u>	<u>4,455</u>	<u>9,256</u>	<u>15,765</u>	<u>13,437</u>

In 2015, of the total income from donations and capital grants, £1,191 was unrestricted and £12,246 was restricted.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
External Catering	25,510	-	25,510	15,811
Fees received	75,790	-	75,790	19,445
Other	18,089	-	18,089	8,199
	<u>119,389</u>	<u>-</u>	<u>119,389</u>	<u>43,455</u>

In 2015, the total income from other trading activities of £43,455 was unrestricted.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	273	-	273	639
	<u>273</u>	<u>-</u>	<u>273</u>	<u>639</u>

In 2015, the total investment income of £639 was unrestricted.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Education	125,163	2,551,804	2,676,967	2,128,349
Nursery	149,328	-	149,328	161,116
	<u>274,491</u>	<u>2,551,804</u>	<u>2,826,295</u>	<u>2,289,465</u>

In 2015, of the total income from charitable activities, £278,466 was unrestricted and £2,010,999 was restricted.

FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	1,550,744	1,550,744	1,565,948
Start up Grants	-	675,539	675,539	132,000
Other DfE/EFA grants	-	151,306	151,306	161,349
	<u>-</u>	<u>2,377,589</u>	<u>2,377,589</u>	<u>1,859,297</u>
Other Government grants				
High Needs	-	52,921	52,921	69,681
Other government grants non capital	-	90,440	90,440	73,452
	<u>-</u>	<u>143,361</u>	<u>143,361</u>	<u>143,133</u>
Other funding				
Internal catering income	36,889	-	36,889	29,709
Income for hosting trainee teachers	12,688	-	12,688	14,585
Sales to students	11,895	-	11,895	19,082
Other	63,691	30,854	94,545	62,543
	<u>125,163</u>	<u>30,854</u>	<u>156,017</u>	<u>125,919</u>
	<u>125,163</u>	<u>2,551,804</u>	<u>2,676,967</u>	<u>2,128,349</u>

In 2015, of the total income from charitable activities, £117,350 was unrestricted and £2,010,999 was restricted.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	1,326	1,326	5,145
Education:					
Direct costs	1,075,748	148,601	358,085	1,582,434	1,564,550
Support costs	376,914	227,077	322,355	926,346	719,244
Nursery:					
Direct costs	123,573	3,231	6,072	132,876	118,795
Support costs	7,152	7,009	4,689	18,850	11,826
	<u>1,583,387</u>	<u>385,918</u>	<u>692,527</u>	<u>2,661,832</u>	<u>2,419,560</u>

In 2015, the total expenditure on raising funds of £5,145 was from unrestricted funds. In 2015, of the total expenditure on charitable activities, £236,579 was from unrestricted funds, £2,016,363 was from restricted funds and £161,473 was in relation to the fixed asset fund.

7. DIRECT COSTS

	Education £	Nursery £	Total 2016 £	Total 2015 £
Pension finance costs	27,000	-	27,000	27,000
Educational supplies	69,618	4,371	73,989	81,067
Staff development	25,122	-	25,122	25,599
Educational trips	53,142	-	53,142	58,593
Supply teachers	3,494	-	3,494	5,025
Technology costs	186,434	1,701	188,135	151,326
Wages and salaries	853,346	103,476	956,822	976,193
National insurance	59,771	4,704	64,475	60,400
Pension cost	159,137	15,393	174,530	159,271
Depreciation	145,370	3,231	148,601	138,871
	<u>1,582,434</u>	<u>132,876</u>	<u>1,715,310</u>	<u>1,683,345</u>

In 2015, the Academy incurred the following Direct costs:

£1,564,550 in respect of Education

£118,795 in respect of Nursery

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. SUPPORT COSTS

	Education £	Nursery £	Total 2016 £	Total 2015 £
Educational supplies	10,541	-	10,541	10,703
Other costs	-	-	-	70,085
Recruitment and support	38,425	-	38,425	23,409
Maintenance of premises and equipment	71,092	1,565	72,657	59,471
Cleaning	48,854	4,100	52,954	47,612
Rent and rates	28,809	1,016	29,825	26,945
Energy costs	29,414	328	29,742	21,992
Insurance	31,808	1,000	32,808	39,291
Security and transport	24,407	-	24,407	14,089
Catering	99,382	-	99,382	114,273
Technology costs	52	-	52	5,809
Office overheads	21,055	2,759	23,814	10,341
Legal and professional	70,437	930	71,367	2,527
Bank interest and charges	1,084	-	1,084	856
Governance	25,164	-	25,164	26,478
Wages and salaries	309,905	7,152	317,057	194,476
National insurance	14,546	-	14,546	8,091
Pension cost	52,463	-	52,463	27,415
Depreciation	48,908	-	48,908	27,207
	<u>926,346</u>	<u>18,850</u>	<u>945,196</u>	<u>731,070</u>

In 2015, the Academy incurred the following Support costs:

£719,244 in respect of Education

£11,826 in respect of Nursery

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	197,509	152,662
- held under finance leases	-	13,416
Auditors' remuneration - audit	4,500	4,500
Auditors' remuneration - other services	3,888	3,811
	<u>210,397</u>	<u>174,395</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,273,879	1,170,669
Social security costs	79,021	68,491
Operating costs of defined benefit pension schemes	226,993	186,686
	1,579,893	1,425,846
Supply teacher costs	3,494	5,025
Staff restructuring costs	-	5,434
	1,583,387	1,436,305

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

	2016 No.	2015 No.
Teachers	19	17
Administration and support	44	44
Management	6	6
	69	67

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for the role as Trustees) and the Senior Management Team as indicated on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £252,932 (2015: £254,648).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015: 3) in respect of defined benefit pension schemes.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

During the year ended 31 August 2016, expenses totalling £778 (2015: £165) were reimbursed to 1 Trustee (2015: 1).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration and pension contributions was as follows: J Bishop: Remuneration £70,000 - £75,000 (2015: £70,000 - £75,000), Employer pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000); F Knight: Remuneration £nil (2015: £10,000 - £15,000), pension contributions £nil (2015: £0 - £5,000); V Hampshire: Remuneration £nil (2015: £20,000 - £25,000), Employer pension contributions £nil (2015: £0 - £5,000); M Pitts: Remuneration £30,000 - £35,000 (2015: £25,000 - £30,000), Employer pension contributions £5,000 - £10,000 (2015: £0 - £5,000).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £762 (2015: £762).

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	5,271,765	16,160	93,663	566,426	5,948,014
Additions	173,747	-	44,766	56,405	274,918
At 31 August 2016	5,445,512	16,160	138,429	622,831	6,222,932
DEPRECIATION					
At 1 September 2015	269,344	11,047	90,822	492,447	863,660
Charge for the year	95,737	1,278	42,573	57,921	197,509
At 31 August 2016	365,081	12,325	133,395	550,368	1,061,169
NET BOOK VALUE					
At 31 August 2016	5,080,431	3,835	5,034	72,463	5,161,763
At 31 August 2015	5,002,421	5,113	2,841	73,979	5,084,354

14. DEBTORS

	2016 £	2015 £
Trade debtors	21,387	8,460
VAT recoverable	96,813	77,610
Other debtors	6,079	1,465
Prepayments and accrued income	709,024	110,835
	<u>833,303</u>	<u>198,370</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	90,371	138,957
Other taxation and social security	23,262	21,269
Other creditors	25,200	22,944
Accruals and deferred income	171,141	132,277
	<u>309,974</u>	<u>315,447</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	59,325	114,575
Resources deferred during the year	58,973	59,325
Amounts released from previous years	(59,325)	(114,575)
	<u>58,973</u>	<u>59,325</u>
Deferred income at 31 August 2016	<u>58,973</u>	<u>59,325</u>

At the balance sheet date the academy was holding funds received in advance for Universal Infant Free School Meals funding and music tuition income relating to the 2016/17 period.

16. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	21,387	8,460
Accrued income	620,401	12,790
Cash at bank and in hand	28,367	389,292
	<u>670,155</u>	<u>410,542</u>
	2016 £	2015 £
Financial liabilities measured at amortised cost		
Purchase ledger control account	(90,371)	(138,957)
Other creditors	(25,200)	(22,944)
Accruals	(112,168)	(72,952)
	<u>(227,739)</u>	<u>(234,853)</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	142,448	396,207	(443,396)	(667)	-	94,592
Unrestricted fixed asset fund	75,400	-	(3,232)	667	-	72,835
	<u>217,848</u>	<u>396,207</u>	<u>(446,628)</u>	<u>-</u>	<u>-</u>	<u>167,427</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	1,550,744	(1,437,283)	(113,461)	-	-
Pupil premium	-	75,552	(75,552)	-	-	-
Universal infant free school meals	-	65,769	(65,769)	-	-	-
PE grant	-	9,985	(9,985)	-	-	-
Free school start up grant	114,000	88,000	(164,175)	-	-	37,825
Free school procurement grant	-	587,539	(34,563)	(151,535)	-	401,441
High needs	-	52,921	(52,921)	-	-	-
Teaching school grant	10,743	72,440	(83,183)	-	-	-
Educational trips	-	4,455	(4,455)	-	-	-
Global Enterprise Challenge	5,024	15,949	(11,585)	-	-	9,388
Other restricted funds	-	32,905	(24,455)	-	-	8,450
Pension reserve	(735,000)	-	(57,000)	-	(497,000)	(1,289,000)
	<u>(605,233)</u>	<u>2,556,259</u>	<u>(2,020,926)</u>	<u>(264,996)</u>	<u>(497,000)</u>	<u>(831,896)</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	2,713,038	-	(50,464)	-	-	2,662,574
Fixed assets purchased from GAG and other restricted funds	287,054	-	(88,302)	113,461	-	312,213
Devolved Formula Capital Grants	42,736	9,256	(899)	-	-	51,093
Academies Capital Maintenance Fund grants	1,966,126	-	(54,613)	-	-	1,911,513
Free school procurement grant	-	-	-	151,535	-	151,535
	<u>5,008,954</u>	<u>9,256</u>	<u>(194,278)</u>	<u>264,996</u>	<u>-</u>	<u>5,088,928</u>
Total restricted funds	<u>4,403,721</u>	<u>2,565,515</u>	<u>(2,215,204)</u>	<u>-</u>	<u>(497,000)</u>	<u>4,257,032</u>
Total of funds	<u>4,621,569</u>	<u>2,961,722</u>	<u>(2,661,832)</u>	<u>-</u>	<u>(497,000)</u>	<u>4,424,459</u>

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

Restricted Funds

General Annual Grant (GAG) - This fund includes income from the EFA which is to be used for the running costs of the academy, including education and support costs. A transfer of £113,461 to the restricted fixed assets fund represents fixed assets purchased using GAG.

Pupil premium - This funding is for additional support for those pupils who qualify for free school meals.

High Needs funding - This is a grant received from the local authority towards the costs of providing teaching for pupils with special educational needs.

Free School start-up grant - This grant is offered in respect of approved eligible expenditure incurred in developing plans for the Westclyst Community Primary School.

Free school procurement grant - This grant is offered in respect of approved eligible expenditure incurred procuring ICT goods, ICT services and temporary accommodation for the Westclyst Community Primary School. The £151,535 transfer to restricted fixed assets represents fixed assets purchased using this fund.

Teaching school grant - The Academy Trust has achieved teaching school status and this represents the second of three years initial grant funding.

Global Enterprise Challenge - Broadclyst Primary School runs an online student focused project which involves student teams leading micro businesses. Income includes grant funding from Microsoft Limited.

Pension reserve - This fund represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme (LGPS).

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (continued)

Other restricted funds - This represents additional elements of funding received in respect of the Teaching School, as well as various other smaller projects.

Restricted Fixed Asset Funds

Fixed assets transferred on conversion - This represents the fixed assets transferred from the Local Authority on conversion.

Fixed assets purchased from GAG - This fund includes transfers from the GAG restricted fund for capital related expenditure. The balance at the year end represents the net book value of assets transferred from the GAG fund.

Devolved formula capital grants and Academies Capital Maintenance Fund grants - Grants from the EFA to be spent on capital related expenditure.

Free School procurement grant - This represents eligible fixed assets purchased using the free school grant by way of a transfer.

Other information

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	5,084,354
Tangible fixed assets	72,835	-	5,088,928	5,161,763	-
Current assets	94,592	767,078	-	861,670	587,662
Creditors due within one year	-	(309,974)	-	(309,974)	(315,447)
Pension scheme liability	-	(1,289,000)	-	(1,289,000)	(735,000)
	<u>167,427</u>	<u>(831,896)</u>	<u>5,088,928</u>	<u>4,424,459</u>	<u>4,621,569</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	299,890	(72,564)
Adjustment for:		
Depreciation charges	197,509	166,078
Interest received	(273)	(639)
(Increase)/decrease in debtors	(634,932)	304,825
(Decrease)/increase in creditors	(77,720)	42,062
Capital grants from DfE and other capital income	9,256	9,126
Defined benefit pension scheme cost less contributions payable	30,000	22,000
Defined benefit pension scheme finance cost	27,000	27,000
Net cash (used in)/provided by operating activities	(149,270)	497,888

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	28,367	389,292
Total	28,367	389,292

21. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £22,681 were payable to the schemes at 31 August 2016 (2015: £21,069) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £110,247 (2015: £92,854).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £114,000 (2015: £89,000), of which employer's contributions totalled £89,000 (2015: £68,000) and employees' contributions totalled £25,000 (2015: £21,000). The agreed contribution rates for future years are 19.7% for employers and 5.5 - 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	487,000	368,000
Gilts and bonds	49,000	64,000
Property	82,000	69,000
Cash	14,000	15,000
Target return portfolio	118,000	96,000
Infrastructure and alternative assets	81,000	31,000
Total market value of assets	<u>831,000</u>	<u>643,000</u>

The actual return on scheme assets was £95,000 (2015: £(2,000)).

The amounts recognised in the Statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(119,000)	(90,000)
Net interest cost	(27,000)	(27,000)
Total	<u>(146,000)</u>	<u>(117,000)</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	1,378,000	1,242,000
Current service cost	119,000	90,000
Interest cost	55,000	52,000
Contributions by employees	25,000	21,000
Actuarial losses/(gains)	564,000	(1,000)
Benefits paid	(21,000)	(26,000)
	<u>2,120,000</u>	<u>1,378,000</u>
Closing defined benefit obligation	<u>2,120,000</u>	<u>1,378,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	643,000	582,000
Interest income	28,000	25,000
Actuarial gains and (losses)	67,000	(27,000)
Contributions by employer	89,000	68,000
Contributions by employees	25,000	21,000
Benefits paid	(21,000)	(26,000)
	<u>831,000</u>	<u>643,000</u>
Closing fair value of scheme assets	<u>831,000</u>	<u>643,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	102,791	117,865
Between 1 and 5 years	106,934	135,745
	<u>209,725</u>	<u>253,610</u>
Total	<u>209,725</u>	<u>253,610</u>

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. RELATED PARTY TRANSACTIONS

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

Mr J Bishop, the Headteacher, and Mr M Pitts, a Trustee, are trustees of Heathercombe Brake Trust. During the year the Academy Trust made purchases of £23,101 (2015: £20,800) for pupils' activity services. There were no balances outstanding at the year end.

Mrs Bishop, wife of Mr J Bishop, a Trustee, is employed as a teaching assistant. Mrs Bishop's appointment was made in open competition and Mr Bishop was not involved in the decision making process. Mrs Bishop is paid within the normal pay scales for her role and receives no special treatment as a result of her relationship with a Trustee.

Mr J Bishop, the Headteacher, also became a trustee of South West Grid for Learning during the year. During the year the Academy Trust made purchases of £18,363 for broadband services.

24. MEMBERS' LIABILITY

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

25. GENERAL INFORMATION

Cornerstone Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Broadlcyst Primary School, School Lane, Exeter, Devon, EX5 3JG.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		4,720,133	4,621,569
Total funds reported under FRS 102		<u>4,720,133</u>	<u>4,621,569</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(60,564)
Change in recognition of LGPS interest cost		<u>(12,000)</u>
Net movement in funds reported under FRS 102		<u>(72,564)</u>

Explanation of changes to previously reported funds and net income/expenditure:

Change in recognition of LGPS interest cost:

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expenditure by £12,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.