

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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

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CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	H Massey K Dyson S Taylor
Trustees	H Massey, Chair ^{1,2,3,4,5,6,7} J Bishop, Headteacher ^{1,2,3,4,5,6,7} S Taylor, Vice Chair ^{1,2,3,4,5,6,7} K Dyson ^{1,2,7} C Pepper ² R Billen ¹ M Gordon ^{1,2,3,4} J Waddingham ^{3,5} M Pitts ⁷ B Renfree ^{1,4,6} M Narramore ⁴ N Bland ^{1,7} W Jordan ⁴ B Williams (appointed 1 November 2016) ⁷ J Gale (appointed 13 September 2016) ^{1,6} H Litvak (appointed 1 November 2016) ⁵ S Chapman (appointed 3 October 2017)
	¹ Personnel Committee ² Admissions Committee ³ Strategy Committee ⁴ Finance and Premises Committee ⁵ Marketing Committee ⁶ Health and Safety Committee ⁷ Standards Committee
Company registered number	07339625
Company name	Cornerstone Academy Trust
Principal and Registered office	Broadclyst Community Primary School School Lane Exeter Devon EX5 3JG
Company secretary	A Partridge
Accounting Officer	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 TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	Lloyds TSB 234 High Street Exeter Devon EX4 3NL
Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter Devon EX1 1UP

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 primary academies in the East Devon area. It's academies have a combined pupil capacity of 510 and had a roll of 466 in the school census on 1 October 2016.

- Broadclyst has a pupil capacity of 450 (plus a 40 place Nursery) and had a roll of 439 (excluding the Nursery) in the school census in October 2016.
- The brand new Westclyst school had a pupil capacity of 60 (Reception class only) and had a roll of 27 in the school census in October 2016. In its first year Westclyst was based in temporary accommodation in the grounds of Broadclyst Primary School.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of 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

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.

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 Trust's development.

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Policies and Procedures Adopted for the Induction and Training of Trustees

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

The Trust 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 once each month. The Board establishes an overall framework for the governance of the Trust 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 9 committees as follows;

- Local Advisory Board - Broadclyst
- Local Advisory Board - Westclyst
- Personnel Committee
- Admissions Committee
- Strategy Committee
- Finance and Premises Committee
- Marketing Committee
- Health and Safety Committee
- Standards Committee

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Trust 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 Trust by the use of budgets and other data, and making major decisions about the direction of the Trust, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Trust 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 Board of Trustees and the senior leadership team comprise the key management personnel of the Trust 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.

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

The pay of key management personnel is reviewed annually. The Headteacher is reviewed by a sub-group of trustees that make a recommendation to the Board. The other members of key management are reviewed by the Headteacher. Reviews take into account performance and sector rates.

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Connected Organisations, including Related Party Relationships

Heatree Activity Centre is a related party as Mr Bishop and Mr Pitts, 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 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 Trust's main strategy:

"TCAT schools seek to create and promote a challenging learning environment that inspires children to achieve high standards and become life-long independent learners. The Trust aims to set consistently high expectations, build children's confidence and ensure engagement for all. OWe endeavour to develop creative thinkers, inquisitive questioners and avid problem solvers with flexible skills who are successful communicators. We want children to learn to collaborate effectively at all levels, including working with our international partners, and be equipped to adapt to the needs of a diverse and ever-changing society."

The main objectives of the Academy during the year ended 31st August 2017 are summarised below:

- Sustain and grow Core Offering and services across the Cornerstone Academy Trust Schools
- Achieve position as a top performing Multi Academy Trust nationally
- Achieve 'Outstanding' OfSTED grades for the schools within the Trust
- Ensure readiness, sufficient expertise and capacity to provide school to school support
- Develop and grow the Multi-Academy Trust ensuring we are prepared and applying for suitable opportunities as they arise.
- Maintain a consistently high-quality Trust wide approach to teaching and learning; by appropriate and timely investment in staff, resources and infrastructure.
- Build capacity to deliver school improvement within both the Trust and the wider alliances that ensure good outcomes for pupils through the quality of teaching, behaviour and safety of pupils, leadership and governance of the school system.
- Maintain recognition as a UK/Global Leader in Digital Excellence in Schools
- Continue as a Microsoft partner and showcase MAT, promoting and disseminating best practice and remain an influential voice in innovative practice

Objectives, Strategies and Activities

Key activities and targets were identified in the Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The key strategic areas are:

- Pupils
 - o Pupils, Pupil Services & SEND
 - o Curriculum, Teaching & Learning
 - o Nursery Provision

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

- People
 - o Governance
 - o Leadership and Management
 - o Personnel
 - o Partners
 - o Teaching School
- Performance
 - o Assessment, Monitoring and Reporting
 - o Standards & Achievement
- Policies & Procedures
 - o Compliance
 - o Finance & Business Management
- MAT wide expansion and services
 - o Operations Management
 - o Trust expansion

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.

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

STRATEGIC REPORT

Achievements and Performance

The year saw the Trust open the new Westclyst Community Primary School in September. The first ever pupils of the new school began their school life with us on September 4th.

During the year, the Trust made a successful bid to open a third school, in the Monkerton area of Exeter. This will be our third school and is due to open in Autumn 2020.

We were selected to provide school to school support for a local school in need of improvement. We entered into a management partnership and have successfully helped them improve to an Ofsted 'good' rating.

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. Key Stage 2 results showed a healthy improvement on the year before.

The Cornerstone Teaching School has continued to go from strength to strength. Numerous conferences and CPD events were developed and the School Direct programme continues to thrive, as does its delivery partnership with the University of Exeter.

The Global Enterprise Challenge enjoyed a fantastic third year, attracting participants from around the world. This year we introduced a second age category for secondary aged children. The eventual winners were schools from Israel and India. Their prize will be a trip to Microsoft's Seattle headquarters.

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 439 plus Westclyst pupils 27 = 466

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

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

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

Area	Target	Achievement
Embed the new assessment processes with regard to "life after levels"	Sustain high attainment and progress by the end of KS2: 80% of children to achieve the expected level in Reading, Writing and Maths 100% of children to achieve expected progress	Reading 94% Writing 85% Maths 83% Significantly above the national average with 100% reaching their expected progress
Year 1 Phonics	90% to meet or exceed the expected level	91% achieved
Writing	Maintain a strong focus on improved writing opportunities	Enrichment programmes widened to an offering for all Year 6 children More able learning Latin
Maths	Maintain a strong focus on improved maths opportunities	A dedicated daily focus on the use of Accelerated Maths. Year 6 children grouped by ability, supporting children in preparation for SATs.
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
Outcomes	Ensuring consistently high outcomes	Performance Management process run with more rigor. Mentor meetings, introduced across Y4 – 6.
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	Continue to run the GEC successfully. Introduce a second competition for Secondary pupils. Offer wide ranging Teaching School opportunities Continue our links with Netherlands	This year's GEC won by schools from Israel and India. A variety of courses and conferences well attended Ran exchange trips with the link Dutch school
Attendance <i>Note that data is one year old as new attendance data is not published until December.</i>	Match or improve the attendance level from last year	The percentage of overall attendance was 96.4%, compared to a national average of 96.0%. This is better than last year. Persistent absence was reduced from 1.8% to 1.5%

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 2017 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 2017, the Academy received total income (excluding fixed asset funding) of £2,855,985 and incurred total expenditure (excluding fixed asset funds and the pension fund) of £2,581,567. The excess of income over expenditure for the year was £274,418.

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 2016/17 was to aim to set aside reserves of at least £140,000 to cover unexpected costs with possibly higher carry forward reserves for specific capital projects. £140,000 equates to approximately one month's salary bill for the Trust. The carry forward into 2016/17 has been planned and monitored and will offset the Academy's rising employment costs, notably incremental drift and effects of increases in national wages.

The free reserves at the period end that are monitored against the policy were £120,887. These are included in unrestricted free reserves. Additionally there were £552,592 reserves carried forward included in funds restricted for specific purposes.

The Trustees have reviewed the future plans of the Academy and have agreed that there is no need to increase the level of reserve. Within the 2017/18 period, the reserve policy should remain at £140,000, including an element of self-insurance following the decision to pull out of a staff absence insurance policy.

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.

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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:

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 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 22 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 Spring 2019.

**CORNERSTONE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

We will be putting necessary plans in place as we move into the pre-opening phase for our third school at Monkerton. The new school is likely to open in September 2020.

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.

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.

TRUSTEES INDEMNITIES

There were no third party indemnity provisions during the year or at the date of approval of the Trustees' report.

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 ~~15th Dec 17~~ 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 11 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	10	11
J Bishop, Headteacher	11	11
S Taylor, Vice Chair	8	11
K Dyson	11	11
C Pepper	8	11
R Billen	7	11
M Gordon	11	11
J Waddingham	11	11
M Pitts	9	11
B Renfree	9	11
M Narramore	10	11
N Bland	11	11
W Jordan	10	11
B Williams	10	11
J Gale	8	10
H Litvak	6	9

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 pre-opening of 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.

**CORNERSTONE ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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

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
H Massey, Chair of Trustees	6	6
W Jordan, Chair of Committee	6	6
J Bishop, Headteacher	6	6
M Gordon	6	6
B Renfree	5	6
M Narramore	4	6
S Taylor	5	6

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.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved,

GOVERNANCE STATEMENT (continued)

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 to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cornerstone Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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 as internal auditor.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (continued)

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

- 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 through the finance and premises committee 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 financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 15/12/2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



**J Bishop
Accounting Officer**

Date: 15/12/2017

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

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

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

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



H Massey
Chair of Trustees

Date: 15th Dec '17

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

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

OPINION

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

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

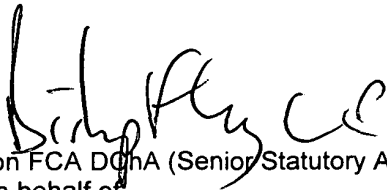
**CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Tim Borton FCA DCA (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:

21.12.17

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

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

In accordance with the terms of our engagement letter dated 23 December 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cornerstone Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cornerstone Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cornerstone Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cornerstone Academy Trust and the ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

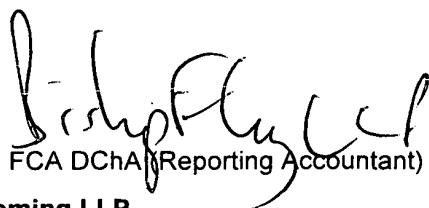
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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:

21.12.17

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

		Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
	Note					
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	2	1,652	7,210	9,214	18,076	15,765
Charitable activities	3	334,219	2,405,822	-	2,740,041	2,826,295
Other trading activities	4	106,979	-	-	106,979	119,389
Investments	5	103	-	-	103	273
TOTAL INCOME AND ENDOWMENTS		442,953	2,413,032	9,214	2,865,199	2,961,722
EXPENDITURE ON:						
Raising funds		2,074	-	-	2,074	1,326
Charitable activities		396,295	2,313,299	207,830	2,917,424	2,660,506
TOTAL EXPENDITURE	6	398,369	2,313,299	207,830	2,919,498	2,661,832
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	44,584	99,733	(198,616)	(54,299)	299,890
		-	(131,245)	131,245	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		44,584	(31,512)	(67,371)	(54,299)	299,890
Actuarial losses on defined benefit pension schemes	22	-	(261,000)	-	(261,000)	(497,000)
NET MOVEMENT IN FUNDS		44,584	(292,512)	(67,371)	(315,299)	(197,110)
RECONCILIATION OF FUNDS:						
Total funds brought forward		167,427	(831,896)	5,088,928	4,424,459	4,621,569
TOTAL FUNDS CARRIED FORWARD		212,011	(1,124,408)	5,021,557	4,109,160	4,424,459

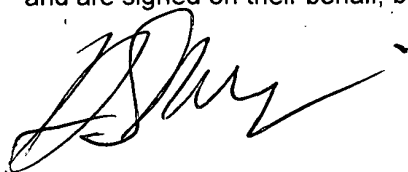
The notes on pages 26 to 48 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		5,112,681		5,161,763
CURRENT ASSETS					
Debtors	15	777,189		833,303	
Cash at bank and in hand		63,448		28,367	
		<u>840,637</u>		<u>861,670</u>	
CREDITORS: amounts falling due within one year	16	(167,158)		(309,974)	
NET CURRENT ASSETS			<u>673,479</u>		<u>551,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,786,160</u>		<u>5,713,459</u>
Defined benefit pension scheme liability	22		(1,677,000)		(1,289,000)
NET ASSETS			<u><u>4,109,160</u></u>		<u><u>4,424,459</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	18	552,592		457,104	
Fixed asset funds	18	5,021,557		5,088,928	
Restricted funds excluding pension liability		<u>5,574,149</u>		<u>5,546,032</u>	
Pension reserve		<u>(1,677,000)</u>		<u>(1,289,000)</u>	
Total restricted funds			<u>3,897,149</u>		<u>4,257,032</u>
Unrestricted funds	18		<u>212,011</u>		<u>167,427</u>
TOTAL FUNDS			<u><u>4,109,160</u></u>		<u><u>4,424,459</u></u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue, on 15/12/2017 and are signed on their behalf, by:



H Massey
Chair of Trustees

The notes on pages 26 to 48 form part of these financial statements.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	206,041	(149,270)
Cash flows from investing activities:			
Interest received		103	273
Purchase of tangible fixed assets		(161,849)	(202,672)
Capital grants from DfE/ESFA		(9,214)	(9,256)
Net cash used in investing activities		(170,960)	(211,655)
Change in cash and cash equivalents in the year		35,081	(360,925)
Cash and cash equivalents brought forward		28,367	389,292
Cash and cash equivalents carried forward		63,448	28,367

The notes on pages 26 to 48 form part of these financial statements.

CORNERSTONE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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.

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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

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.

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

All expenditure is inclusive of irrecoverable VAT.

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

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

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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.

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

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

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

1.6 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.

1.7 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.

1.8 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

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

1. ACCOUNTING POLICIES (continued)

1.9 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 3 Chapter 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.

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income/expenditure 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.

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

1. ACCOUNTING POLICIES (continued)

1.12 FUND ACCOUNTING

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

1.13 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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.

1.14 OPERATING LEASES

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

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FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	1,652	7,210	-	8,862	6,509
Capital Grants	-	-	9,214	9,214	9,256
	<u>1,652</u>	<u>7,210</u>	<u>9,214</u>	<u>18,076</u>	<u>15,765</u>
<i>Total 2016</i>	<u>2,054</u>	<u>4,455</u>	<u>9,256</u>	<u>15,765</u>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Education	173,745	2,405,822	2,579,567	2,676,967
Nursery	160,474	-	160,474	149,328
	<u>334,219</u>	<u>2,405,822</u>	<u>2,740,041</u>	<u>2,826,295</u>
<i>Total 2016</i>	<u>274,491</u>	<u>2,551,804</u>	<u>2,826,295</u>	

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

FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	1,792,571	1,792,571	1,550,744
Start up Grants	-	356,185	356,185	675,539
Other DfE/ESFA grants	-	167,130	167,130	151,306
	-	2,315,886	2,315,886	2,377,589
Other Government grants				
High Needs	-	31,936	31,936	52,921
Other government grants non capital	-	58,000	58,000	90,440
	-	89,936	89,936	143,361
Other funding				
Internal catering income	48,605	-	48,605	36,889
Income for hosting trainee teachers	15,060	-	15,060	12,688
Sales to students	25,554	-	25,554	11,895
Other - music lessons and trips	84,526	-	84,526	94,545
	173,745	-	173,745	156,017
	173,745	2,405,822	2,579,567	2,676,967
<i>Total 2016</i>	125,163	2,551,804	2,676,967	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
External Catering	32,658	-	32,658	25,510
Fees received	46,293	-	46,293	75,790
Other	28,028	-	28,028	18,089
	106,979	-	106,979	119,389
<i>Total 2016</i>	119,389	-	119,389	

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FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	103	-	103	273
<i>Total 2016</i>	273	-	273	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	2,074	2,074	1,326
Education:					
Direct costs	1,183,796	151,375	388,999	1,724,170	1,582,434
Support costs	427,185	300,539	329,249	1,056,973	926,346
Nursery:					
Direct costs	123,382	3,101	-	126,483	132,876
Support costs	5,308	3,861	629	9,798	18,850
	<u>1,739,671</u>	<u>458,876</u>	<u>720,951</u>	<u>2,919,498</u>	<u>2,661,832</u>
<i>Total 2016</i>	1,583,387	385,918	692,527	2,661,832	

7. DIRECT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Pension income	29,000	-	29,000	27,000
Educational supplies	48,536	-	48,536	73,989
Staff development	21,171	-	21,171	25,122
Educational trips	59,686	-	59,686	53,142
Supply teachers	7,271	-	7,271	3,494
Technology costs	233,708	-	233,708	188,135
Wages and salaries	869,784	102,710	972,494	956,822
National insurance	74,439	5,199	79,638	64,475
Pension cost	232,301	15,473	247,774	174,530
Depreciation	148,274	3,101	151,375	148,601
	<u>1,724,170</u>	<u>126,483</u>	<u>1,850,653</u>	<u>1,715,310</u>
<i>Total 2016</i>	1,582,434	132,876	1,715,310	

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8. SUPPORT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Educational supplies	4,370	27	4,397	10,541
Recruitment and support	27,448	-	27,448	38,425
Maintenance of premises and equipment	75,896	3,861	79,757	72,657
Cleaning	60,179	-	60,179	52,954
Rent and rates	73,303	-	73,303	29,825
Energy costs	31,605	-	31,605	29,742
Insurance	13,254	-	13,254	32,808
Security and transport	32,002	-	32,002	24,407
Catering	116,275	-	116,275	99,382
Technology costs	1,720	-	1,720	52
Office overheads	12,380	-	12,380	23,814
Legal and professional	89,468	602	90,070	71,367
Bank interest and charges	711	-	711	1,084
Governance	31,620	-	31,620	25,164
Wages and salaries	354,105	5,308	359,413	317,057
National insurance	19,143	-	19,143	14,546
Pension cost	53,938	-	53,938	52,463
Depreciation	59,556	-	59,556	48,908
	1,056,973	9,798	1,066,771	945,196
<i>Total 2016</i>	926,346	18,850	945,196	

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	210,931	197,509
Auditors' remuneration - audit	5,100	4,500
Auditors' remuneration - other services	1,775	3,888
Operating lease rentals	132,614	117,865

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,331,907	1,273,879
Social security costs	98,781	79,021
Operating costs of defined benefit pension schemes	301,712	226,993
	<u>1,732,400</u>	<u>1,579,893</u>
Supply teacher costs	7,271	3,494
	<u>1,739,671</u>	<u>1,583,387</u>

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

	2017 No.	2016 No.
Teachers	21	19
Administration and support	60	44
Management	6	6
	<u>87</u>	<u>69</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	20	17
Administration and support	30	39
Management	6	5
	<u>56</u>	<u>61</u>

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

	2017 No.	2016 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 £287,687 (2016: £273,595).

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.

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

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2017, expenses totalling £1,155 (2016: £778) were reimbursed to 2 Trustees (2016: 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 £75,000 - £80,000 (2016: £70,000 - £75,000), Employer pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000); M Pitts: Remuneration £35,000 - £40,000 (2016: £30,000 - £35,000), Employer pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000); B Williams: Remuneration £20,000 - £25,000, Employer pension contributions £0 - £5,000).

Other related party transactions involving the trustees are set out in note 24.

12. CENTRAL SERVICES

Funds are pooled centrally to meet the requirements of the Academy Trust.

13. TRUSTEES' AND OFFICERS' INSURANCE

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

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NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2016	5,445,512	16,160	138,429	622,831	6,222,932
Additions	55,813	-	9,516	96,520	161,849
At 31 August 2017	5,501,325	16,160	147,945	719,351	6,384,781
DEPRECIATION					
At 1 September 2016	365,081	12,325	133,395	550,368	1,061,169
Charge for the year	99,186	959	41,475	69,311	210,931
At 31 August 2017	464,267	13,284	174,870	619,679	1,272,100
NET BOOK VALUE					
At 31 August 2017	5,037,058	2,876	(26,925)	99,672	5,112,681
At 31 August 2016	5,080,431	3,835	5,034	72,463	5,161,763

15. DEBTORS

	2017 £	2016 £
Trade debtors	15,715	21,387
VAT recoverable	44,534	96,813
Other debtors	7,847	6,079
Prepayments and accrued income	709,093	709,024
	<u>777,189</u>	<u>833,303</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	39,518	90,371
Other taxation and social security	23,463	23,262
Other creditors	27,392	25,200
Accruals and deferred income	76,785	171,141
	<u>167,158</u>	<u>309,974</u>

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

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	58,973	59,325
Resources deferred during the year	49,891	58,973
Amounts released from previous years	(58,973)	(59,325)
Deferred income at 31 August 2017	<u>49,891</u>	<u>58,973</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 2017/18 period.

17. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost	<u>671,207</u>	<u>646,961</u>
Financial liabilities measured at amortised cost	<u>(93,804)</u>	<u>(227,739)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

18. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General funds	94,592	442,953	(395,268)	(21,390)	-	120,887
Unrestricted fixed asset fund	72,835	-	(3,101)	21,390	-	91,124
	<u>167,427</u>	<u>442,953</u>	<u>(398,369)</u>	<u>-</u>	<u>-</u>	<u>212,011</u>

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

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	-	1,792,571	(1,781,814)	(10,757)	-	-
Pupil premium	-	76,857	(76,857)	-	-	-
Universal infant free school meals	-	80,408	(80,408)	-	-	-
PE grant	-	9,865	(9,865)	-	-	-
Free school start up grant	37,825	30,000	(67,825)	-	-	-
Free school procurement grant	401,441	326,185	(54,546)	(120,488)	-	552,592
High needs	-	31,936	(31,936)	-	-	-
Teaching school grant	-	40,000	(40,000)	-	-	-
Educational trips	-	7,210	(7,210)	-	-	-
Global Enterprise Challenge	9,388	-	(9,388)	-	-	-
Other restricted funds	8,450	18,000	(26,450)	-	-	-
Pension reserve	(1,289,000)	-	(127,000)	-	(261,000)	(1,677,000)
	<u>(831,896)</u>	<u>2,413,032</u>	<u>(2,313,299)</u>	<u>(131,245)</u>	<u>(261,000)</u>	<u>(1,124,408)</u>

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	2,662,574	-	(50,464)	-	-	2,612,110
Fixed assets purchased from GAG and other restricted funds	312,213	-	(67,646)	10,757	-	255,324
Devolved Formula Capital Grants	51,093	9,214	(3,970)	-	-	56,337
Academies Capital Maintenance Fund grants	1,911,513	-	(54,613)	-	-	1,856,900
Free school procurement grant	151,535	-	(31,137)	120,488	-	240,886
	<u>5,088,928</u>	<u>9,214</u>	<u>(207,830)</u>	<u>131,245</u>	<u>-</u>	<u>5,021,557</u>
Total restricted funds	<u>4,257,032</u>	<u>2,422,246</u>	<u>(2,521,129)</u>	<u>-</u>	<u>(261,000)</u>	<u>3,897,149</u>
Total of funds	<u>4,424,459</u>	<u>2,865,199</u>	<u>(2,919,498)</u>	<u>-</u>	<u>(261,000)</u>	<u>4,109,160</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	142,448	396,207	(443,396)	(677)	-	94,582
Unrestricted fixed asset fund	75,400	-	(3,232)	677	-	72,845
	<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>

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NOTES TO THE FINANCIAL STATEMENTS
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18. 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 ESFA which is to be used for the running costs of the academy, including education and support costs. A transfer of £8,582 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).

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

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

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 ESFA 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 Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Broadclyst Community Primary School	-	624,531
Cornerstone Academy Trust	764,603	-
Total before fixed asset fund and pension reserve	764,603	624,531
Restricted fixed asset fund	5,021,557	5,088,928
Pension reserve	(1,677,000)	(1,289,000)
Total	4,109,160	4,424,459

Westclyst Community Primary School had a fund balance of zero at 31 August 2017.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Broadclyst Community Primary School	1,249,631	432,494	422,795	440,469	2,545,389	2,467,554
West Clyst Community Primary School	57,546	-	12,008	93,624	163,178	-
	<u>1,307,177</u>	<u>432,494</u>	<u>434,803</u>	<u>534,093</u>	<u>2,708,567</u>	<u>2,467,554</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	91,124	-	5,021,557	5,112,681
Current assets	150,752	689,885	-	840,637
Creditors due within one year	(29,865)	(137,293)	-	(167,158)
Pension scheme liability	-	(1,677,000)	-	(1,677,000)
	<u>212,011</u>	<u>(1,124,408)</u>	<u>5,021,557</u>	<u>4,109,160</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	72,835	-	5,088,928	5,161,763
Current assets	94,592	767,078	-	861,670
Creditors due within one year	-	(309,974)	-	(309,974)
Provisions for liabilities and charges	-	(1,289,000)	-	(1,289,000)
	<u>167,427</u>	<u>(831,896)</u>	<u>5,088,928</u>	<u>4,424,459</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(54,299)	299,890
Adjustment for:		
Depreciation charges	210,931	197,509
Interest received	(103)	(273)
Decrease/(increase) in debtors	56,114	(634,932)
Decrease in creditors	(142,816)	(77,720)
Capital grants from DfE and other capital income	9,214	9,256
Defined benefit pension scheme cost less contributions payable	98,000	30,000
Defined benefit pension scheme finance cost	29,000	27,000
Net cash provided by/(used in) operating activities	206,041	(149,270)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	63,448	28,367
	63,448	28,367

22. PENSION COMMITMENTS

The Academy Trust'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 2016.

Contributions amounting to £24,399 were payable to the schemes at 31 August 2017 (2016: £22,681) 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

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22. PENSION COMMITMENTS (continued)

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

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

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

The employer's pension costs paid to TPS in the period amounted to £110,110 (2016: £110,247).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £121,000 (2016: £114,000), of which employer's contributions totalled £96,000 (2016: £89,000) and employees' contributions totalled £27,000 (2016: £25,000). The agreed contribution rates for future years are 15.4% plus a monetary amount of £20,000 annually for employers and 5.5 - 8.5% 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:

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

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22. 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:

	2017	2016
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.7	25.2
Females	27.9	28.6

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	72,000	51,000
Discount rate -0.1%	(74,000)	(52,000)
Mortality assumption - 1 year increase	(96,000)	(57,000)
Mortality assumption - 1 year decrease	93,000	56,000
CPI rate +0.1%	(62,000)	(43,000)
CPI rate -0.1%	60,000	42,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	692,000	487,000
Gilts and bonds	66,000	49,000
Property	102,000	82,000
Cash and other liquid assets	27,000	14,000
Target return portfolio	173,000	118,000
Infrastructure and alternative assets	108,000	81,000
Total market value of assets	<u>1,168,000</u>	<u>831,000</u>

The actual return on scheme assets was £105,000 (2016: £95,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(194,000)	(119,000)
Interest income	18,000	28,000
Interest cost	(47,000)	(55,000)
Total	<u>(223,000)</u>	<u>(146,000)</u>

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22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	2,120,000	1,378,000
Current service cost	194,000	119,000
Interest cost	47,000	55,000
Employee contributions	27,000	25,000
Actuarial losses	491,000	564,000
Benefits paid	(34,000)	(21,000)
Closing defined benefit obligation	<u>2,845,000</u>	<u>2,120,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	831,000	643,000
Interest income	18,000	28,000
Actuarial losses	230,000	67,000
Employer contributions	96,000	89,000
Employee contributions	27,000	25,000
Benefits paid	(34,000)	(21,000)
Closing fair value of scheme assets	<u>1,168,000</u>	<u>831,000</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	92,369	102,791
Between 1 and 5 years	74,211	106,934
Total	<u>166,580</u>	<u>209,725</u>

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24. 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 £24,021 (2016: £23,101) 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 £16,787 (2016: £18,363) for broadband services. There were no balances outstanding at the year end.

Mrs S Pepper, wife of Mr C Pepper, a Trustee, is the owner of Sarah Pepper Flowers. During the year the Academy Trust made purchases of £1,040. There were no outstanding balances at the year end.

25. 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.

26. GENERAL INFORMATION

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