

COMMUNITY ACADEMIES TRUST

Annual Report and Financial Statement

Year ended 31 August 2015

THURSDAY



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10/03/2016

#281

ONLINE at:

www.communityacademiestrust.org

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)



The Community Academies Trust at a glance:

Our Strategic Priorities:

Everything we do is orientated around ensuring excellent 3-18 community education.

Our approach is based on a fundamental belief that all young people have talent and the potential to achieve more than they ever thought possible.

Achievement in three main areas:

- **Academic:** Excellent standards and outstanding progress are a prerequisite for success in life equipping young people with the skills and knowledge they will need to be successful, happy and productive citizens.
- **Social:** Excellent relationships for learning are a prerequisite for all other achievements. Relationships that engender mutual respect between young people, and all other members of our academies' communities will ensure learning can be fun in a disciplined and caring environment where the highest expectations are the norm.
- **Personal:** All young people achieve things they can be proud of every day in addition to academic success and outside our school's planned curriculum. We have a vital role in ensuring individuals develop their own talents and interests and have a responsibility to instill in them a sense of pride in who they are and what they achieve.

Our Community

We serve communities in North Warwickshire including Polesworth, Dordon, Wood End (where our academies are based) and other surrounding villages and towns including a significant number of families from the town of Tamworth. We also serve communities in Warwick and are looking forward to serving communities in Telford.

Our Academies in the year under review

In order of size by Pupil numbers

The Polesworth School (11-18), Birchwood Primary School (3-11), Woodloes Primary School (3-11), Budbrooke Primary School (3-11), Dordon Community Primary School (3-11), Wood End Primary School (3-11).



Performance highlights from 2014/15:

The Polesworth School



After over 7 years since the last inspection, The Polesworth School finally welcomed Ofsted inspectors who were so impressed they described it as **OUTSTANDING IN ALL CATEGORIES**. As part of the Ofsted judgments, the Sixth Form was assessed separately and judged **OUTSTANDING**. The academy is also massively oversubscribed and welcomed 270 students into Year 7 in September 2015, 46 pupils above the school's Pupil Admission Number (PAN). The academy's excellent local reputation continues to attract out of catchment parents and over 15% of the students in the academy come from families outside the academy's designated catchment area. The students in examination years this summer, again achieved well above

The Community Academies Trust at a glance (continued)

average results, particularly linked to progress and value added which is expected to be in the top 10% nationally when the final government analysis is complete.

Birchwood Primary School



Last year Birchwood Primary School welcomed Ofsted inspectors who were so impressed with the school they described it as **OUTSTANDING IN ALL CATEGORIES**. This has now been followed by two consecutive sets of excellent KS2 SAT results, as the high standards day to day have been maintained and developed. The school is heavily oversubscribed.

Dordon Primary School was our first sponsored academy, becoming so after 7 years of performance below national floor standards it was considered one of the 200 lowest performing schools in the country. 3 years later the academy has doubled in size and in July 2014 gained an Ofsted grading of "GOOD" with the **OUTSTANDING** feature of **BEHAVIOUR**. During this time of rapid growth, the high quality provision has enabled some of the most vulnerable children from other schools and communities to make good progress by joining the academy, having previously been working well below age related expectations in other schools.

More information on these Ofsted reports can be found at www.ofsted.gov.uk

Wood End Primary School has been with us since January 2014 and the work that has proved so successful in Dordon and Birchwood has had an enormous impact on this academy. The school is 30% bigger than it was when it joined the Trust, and results in 2015 built on the step change achieved in 2014. We await an Ofsted inspection, which is due this term, and anticipate at least a 'Good' judgment.

Budbrooke Primary School joined our Trust in October 2014 as a sponsored academy. The school had previously been judged as inadequate and as requiring special measures. The school has benefitted hugely from joining the Trust, and the results last year demonstrate the step change in terms of progress that are all above national averages. The school cannot be inspected for four terms and therefore we expect an inspection in the first half of 2016. This judgment will at least be good. There is a lot of evidence of outstanding attitudes and behaviour.

Woodloes Primary School chose to join our Trust on 1 March 2015 as a converter academy. The academy is geographically close to Budbrooke Primary School in Warwick, and is the second academy in what will be our Warwick hub. The academy is high performing, with a current Ofsted grade of Good, but with results in each of the last two years that suggest achievement may be Outstanding. The academy has added significantly to the Trust in terms of capacity for school improvement.

The Trust has also built a regional reputation for success and firm plans are in place for further growth, much of which are in place in December 2015.

Community Academies Trust (CAT)

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Community Academies Trust (CAT)

Reference and Administrative Details

CAT Members

Mr B Dimbleby
Mr P Hamilton
Mr E May
Mr N Bratt
Mr K Veasey-Watts (resigned 24 November 2014)
Mr S Atkins
Mr S Mason (from 24 April 2015)

CAT Trustees / Directors

Mr B Dimbleby
Mr S Wallis
Mr P Hamilton
Mr K Veasey-Watts (resigned 25 November 2014)
Mr E May
Mr S Atkins
Mr N Bratt
Ms C Bell (resigned 19 November 2014)
Mrs L Grinham
Mr S Mason (appointed 24 April 2015)

Company Secretary

Mrs A Bardsley (appointed 10 December 2015)
Mrs N Holland (resigned 10 December 2015)

Senior Management Team

- Chief Executive & Director of Education (Secondary)
- Director of Education (Primary)

- Head of School, The Polesworth School
- Head of School, Birchwood Primary School
- Head of School, Dordon Primary School
- Head of School, Wood End Primary School
- Head of School, Woodloes Primary School
- Head of School, Budbrooke Primary School
- Finance Director

Mr P Hamilton

Mr E May

Mrs M Favell
Mr N Coleman
Mrs M Cross
Mrs C Hadley
Mr A Mitchell
Mr J Stone
Mrs A Bardsley (appointed 24 August 2015)

Registered Office

Dordon Road
Dordon
Tamworth
Staffs
B78 1QT

Company registration number

07472736

Auditors

RSM UK Audit LLP
(formerly Baker Tilly UK Audit LLP)
St Philips Point
Temple Row
Birmingham
B2 5AF

Bank

Lloyds
9 Birmingham Road
Sutton Coldfield
B72 1QA

Community Academies Trust (CAT)

Reference and Administrative Details

(continued)

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Internal Auditor

Dains Accountants
15 Colmore Row
Birmingham
B3 2BH

**Directory of Academies
year ended 31 August 2015**

The Polesworth School
Dordon Road
Dordon
Tamworth
B78 1QT

Birchwood Primary School
Birchwood Avenue
Dordon
Tamworth
B78 1QU

Dordon Community Primary School
Roman Way
Dordon
Tamworth
B78 1PJ

Wood End Primary School
Wood Street
Wood End
Atherstone
CV9 2QL

Budbrooke Primary School
Styles Close
Hampton Magna
Warwick
CV35 8TP

Woodloes Primary School
Deansway
Warwick
CV34 5DF

Community Academies Trust (CAT)

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2015.

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 Community Academies Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Community Academies Trust (CAT).

Details of the Trustees who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

Members' Liability

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

Trustees' Indemnities

The Trustees have taken out Governing Body and Employers' Liability Insurance. The insurance limit is £5m.

Method of Recruitment and Appointment or Election of Trustees

The Members are made up of the Headteacher, Chair of Governors, and Vice Chair at The Polesworth School (secondary) and Birchwood Primary School. The members may appoint additional Trustees as they see fit, ensuring that the skills and experience of new Trustees are complementary to those of existing board members.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and induction is provided for new Trustees and depends on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to undertake their role. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The Community Academy Trust's board of Trustees govern the work of the academies across the Trust. They comprise the Executive Headteachers from Polesworth School and Birchwood Primary School, The Chairs of the local governing bodies (LGBs) of Polesworth and Birchwood school, 2 parents, 2 appointed Directors and an elected Chair from the LGBs of the sponsored academies.

Each Academy has a LGB – 8 governors for a primary academy and 14 governors for a secondary academy, with powers delegated that reflect their Ofsted grade.

Each primary academy has a Head of School with a SLT in each school. This SLT and other leaders ensure strong and clear lines of accountability and the easy flow of information about the quality of provision. They are responsible for the delivery of the improvement plans and contribute to their formulation and implementation. They are led by an Executive Headteacher who is also Director of Education for Primary provision and a founding Director of the Trust.

Community Academies Trust

Trustees' Report (continued)

The management team at The Polesworth School operates on three levels and is made up of the Governors, the Strategic Leadership Team, and the Operational Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors as 'guardians of standards' are responsible for holding the academy to account for the standards it achieves. The Head of School leads the SLT and the school and is line managed by an Executive Headteacher who is also CEO for the Trust.

Connected Organisations, including related party relationships

Clement Keys Education Services Limited

This is a company in which Mr S Atkins (a trustee of the trust) has an interest. Mr Atkins is a partner of Clement Keys LLP, which holds a majority interest in Clement Keys Education Services Limited. The trust purchases consultant finance director services from Clement Keys Education Services Limited which are disclosed in note 27 of the accounts.

Telford Co-operative Multi-Academy Trust (TCMAT)

This is a company which operated 4 secondary academies within Telford in the 2014/15 financial year. In early 2015 the DfE requested that a number of trustees, employees and connected persons of Community Academies Trust become trustees of TCMAT. The following people therefore were appointed as trustees of TCMAT from 1 April 2015:

Mr P Hamilton, CEO of Community Academies Trust and trustee
Mr E May, Director of Education of Community Academies Trust and trustee
Mr S Atkins, Trustee of Community Academies Trust
Ms M Favell, Head of School, The Polesworth School
Mr M Giddings, Consultant Finance Director, Clement Keys Education Services Limited

The academies within TCMAT transferred to Community Academies Trust on 1 November 2015. Further information can be found in notes 27 and 28 of the accounts.

Objectives and Activities

The Academy Trust's objects are specifically restricted to the to advancing for the public benefit education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum and to promote for the benefit of the inhabitants of the United Kingdom the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.



Community Academies Trust

Trustees' Report (continued)

Objects and Aims

The principal object and activity of the charitable company is the operation of The Polesworth School to provide education for pupils of different abilities between the ages of 11 and 19 and the operation of Birchwood, Dordon, Wood End, Woodloes, and Budbrooke primary schools to provide an education for pupils of different abilities between the ages of 3 and 11.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities

We are a growing academy Trust, rated very highly by the DfE for its successful work in school improvement, with the majority of academies across the Trust judged good or better by Ofsted and with a significant proportion of students taught in academies regarded outstanding by Ofsted. We are also financially secure and well placed to continue to fulfill the Trust's objectives of school improvement in the interests of excellent community education.

With this in mind the activities this coming year include:

The establishment of a new hub in Telford. Initially this hub consists of 3 secondary academies which joined the CAT on 1 November 2015. These 3 secondary academies previously comprised the Telford Cooperative Multi Academy Trust. During the academic year 14/15, these academies were in fact four (two amalgamated in September 2015). The four academies were all placed in special measures in April 2015.

The three academies are all in brand new state of the art buildings, two of which opened for the first time in September 2015. We are also in talks with at least one primary school about joining the hub and the Trust as a converter academy.

We are also in talks to grow our Warwick Hub and have bid to open a brand new academy in Warwick town. This school is one of three new primary academies planned for Warwick over the next three years as the town experiences rapid growth. We are also in discussions with the DfE about sponsoring a school in Stratford on Avon that has recently been judged to require special measures.

Our ethos is to ensure the best local leaders lead local education provision (ref www.communityacademiestrust.org). On this basis we have evolved our governance structure to put it as close to provision as possible. We are setting up three school improvement hubs to include the original one in the north of Warwickshire. The governance arrangements will ensure small local governing bodies have local oversight through a hub board with main Trust representation and governors from the schools in the hub. This 'Hub Board' will oversee the performance of the schools in the hub and act as a local group of academies that also benefits from the wider support of the Trust and its status as a single employer.

Governors in our school are different from traditional governors in that they can be thought of as 'Guardians of Standards'. Our Trust enables them to be free to focus entirely on holding the academies to account for the standards they achieve in teaching, behaviour, leadership and academic results, as well as ensuring that the hubs fulfill their goals as engines of school improvement.

The following diagram describes this approach:

Community Academies Trust

Trustees' Report (continued)

The Community Academies Trust (CAT) – Multi Academy Trust

CAT central offer to include: Oversight and leadership to provide:

- Support and challenge to local academy hubs through CAT CEO and CAT Director of Education (Primary)
- Professional Development (Trust wide)
- Financial leadership – achieving economies of scale and compiling CAT accounts
- HR for the Trust
- Trust wide educational opportunities

The Community Academies Trust (CAT)
Up to 3 members appointed by the CAT
The Chair of the Directors
Any other person appointed by the members collectively

CAT Local Hub North Warwickshire

Local group offer to include:

- Self governing
- Locally led with cross school professional opportunity and student learning opportunities.
- Support and challenge for LGBs/Academies

Hub Governing Body (HGB) – Elected HT and Chairs of Local Governing Bodies and at least 2 representatives from the Main Trust Board

LGB

LGB

LGB

LGB

CAT Local Hub Warwick

CAT Local Hub Telford

The model is expandable and the expertise gained through the effective work done in the North Warwickshire hub will ensure excellent local governance.

Academies in our Trust sign up to some core principles. They are academies that are:

- Focussed on achieving outstanding academic, personal and social outcomes for the children in their care and this is the main priority
- Committed to the moral imperative of community school improvement and shared system leadership
- Mutually supportive, not in competition with each and are fiercely loyal to each other
- Equal partners with all other schools irrespective of their phase, size or successes. Size does not matter, no one school is more important than another, and resources are shared for the common good of the group
- Multi academy trust minded – our schools celebrate the success of others as well as themselves and we feel a shared accountability and understand where ultimate responsibilities rest
- Financially disciplined and committed to our agreed financial principles
- Committed to fulfilling their delegated responsibilities to the best of their abilities

Community Academies Trust

Trustees' Report (continued)

Public Benefit

The Trustees of Community Academies Trust have complied with their duty to provide high quality education. Trustees have made reference to the Charity Commission guidance, specifically para 4.1.27 of the Accounts direction.



Strategic Report

Achievements and Performance

The Polesworth School



After over 7 years since the last inspection, The Polesworth School finally welcomed OFSTED inspectors who were so impressed they described it as **OUTSTANDING IN ALL CATEGORIES**. As part of the OFSTED judgments, the Sixth Form was assessed separately and judged **OUTSTANDING**. The academy is also massively oversubscribed and welcomed 270 students into Year 7 in September 2015, 46 pupils above the school's Pupil Admission Number (PAN). The academy's excellent local reputation continues to attract out of catchment parents and over 15% of the students in the academy come from families outside the academy's designated catchment area. The students in examination years this summer, again achieved well above average results, particularly linked to progress and value added which is expected to be in the top 10% nationally when the final government analysis is complete. The OFSTED report went on:

"Students behaviour in lessons and their attitudes to learning is exemplary, creating a calm atmosphere.... Relationships are warm and supportive."

"All groups of students achieve very well.... as a result of the consistently high quality teaching that they receive"

"Leaders and Governors have been relentless in ensuring the school sustains its high quality provision"

Birchwood Primary School



Last year Birchwood Primary School welcomed OFSTED inspectors who were so impressed with the school they described it as **OUTSTANDING IN ALL CATEGORIES**. This has now been followed by two consecutive sets of excellent KS2 SAT results, as the high standards day to day have been maintained and developed. The school is heavily oversubscribed.

Community Academies Trust

Trustees' Report (continued)

Dordon Primary School was our first sponsored academy, becoming so after 7 years of performance below national floor standards it was considered one of the 200 lowest performing schools in the country. 3 years later the academy has doubled in size and in July 2014 gained an OFSTED grading of "GOOD" with the OUTSTANDING feature of BEHAVIOUR. During this time of rapid growth, the high quality provision has enabled some of the most vulnerable children from other schools and communities to make good progress by joining the academy, having previously been working well below age related expectations in other schools.

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Key Performance Indicators

Primary Academies Attainment and progress at KS2

| Academy | Date Academy joined CAT | Sponsor / converter | Level 4+ | | | Level 5+ | | | Expected Progress | | | Average Points – All Subjects | | | | Above floor? |
|-----------|-------------------------|---------------------|-----------|-----------|---------|-----------|-----------|---------|-------------------|-----------|---------|-------------------------------|------|------|----------|--------------|
| | | | Reading % | Writing % | Maths % | Reading % | Writing % | Maths % | Reading % | Writing % | Maths % | 2015 | 2014 | 2013 | +/- 2014 | |
| Birchwood | 1.11.2012 | Converter | 92 | 95 | 83 | 55 | 51 | 37 | 92 | 98 | 85 | 29.3 | 29.8 | 28.7 | + | Y |
| Dordon | 1.11.2012 | Sponsored | 79 | 71 | 58 | 25 | 0 | 17 | 79 | 92 | 67 | 25.4 | 28.6 | 28.4 | + | N |
| Wood End | 1.01.2014 | Sponsored | 88 | 100 | 71 | 47 | 35 | 41 | 88 | 100 | 71 | 28.8 | 28.6 | 26.7 | + | Y |
| Woodloes | 1.03.2015 | Converter | 93 | 96 | 93 | 58 | 62 | 58 | 100 | 98 | 100 | 30.8 | 31.5 | 28.4 | - | Y |
| Budbrooke | 1.10.2014 | Sponsored | 95 | 93 | 85 | 70 | 53 | 48 | 95 | 90 | 88 | 30.1 | 29.2 | 28.7 | + | Y |

The table shows sustained high standards across the primary academies, with new academies that have joined the Trust this year performing strongly in the summer examinations. The performance at Dordon represents a significant achievement linked to particular characteristics of the year group. The year group statistics were affected significantly by pupil mobility. The school as a whole has doubled in size in less than three years. Only 9 of the 24 students who sat the KS2 SATs in year 6 obtained KS1 scores at Dordon. 6 pupils joined the cohort in Year 6, 5 of who were working below age related expectation on entry. Throughout KS2 there has been a total of 15 new arrivals into the year group, 11 of which were working below Age Related Expectation on arrival. There were no level 5s across the board, however there was also no level 3 in all subjects at KS1. The Trust is proud that these students whose families had chosen to move their children to Dordon as they had not been well served previously, joined the academy and then made nationally expected progress for the time they were with us.

Community Academies Trust

Trustees' Report (continued)

The Polesworth School

Attainment and Progress 2015 (National Average in 2014 in Brackets)

| 5A*-C(EM) | 5A*-G | A*-C (E) | A*-C (M) | A*-C (EM) | A*-C Sci | ENG BACC | CPS | GENDER gap 5a*- c(/EM) |
|-------------------|----------|--------------------------|--------------------------|--------------|--------------|----------------|----------------|------------------------------|
| 64% (56%) | 99%(93%) | 79% (72% of entry) | 71% (69% of entry) | 66% (58%) | 88% (73%) | 38% (23%) | 338 (309.8) | 1.7 (10.4) |
| EXPECTED PROGRESS | | ENGLISH 3 LEVELS | | | | MATHS 3 LEVELS | | |
| | | 83% (71%) | | | | 75% (65%) | | |

The cohort of students who completed their GCSE in the summer of 2015 started their time at The Polesworth School with a KS2 APS of 27.3, which was below the national average. The table above shows an excellent performance with all measures exceeding the national averages for 2014.

A Level Results

Attainment (last year in brackets).

3A*-E: 85% (89%) and above national average for 2014

2A*-E 98% (99%) and above national average for 2014

Early analysis of progress prior to re-marks suggest that the Level 3 Value Added is significantly above national average for A Level, continuing the overall trend over the last 4 years.

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

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

During the year ended 31 August 2015, total expenditure of £14.175 million (2014: £11.242 million) was covered by recurrent grant funding from the EFA which together with other incoming resources resulted in total recurrent incoming resources of £14.318 million (2014: £11.125 million). The excess of expenditure over income for the period (excluding restricted fixed asset funds) was £684,000 (2014: £200,000).

At 31 August 2015 the net book value of fixed assets was £20.538 million (2014: £16.314 million) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial and Risk Management Objectives and Policies

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and

Community Academies Trust

Trustees' Report (continued)

visitors, site visits and department visits) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Reserves Policy

The Directors 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 reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to support the Trust's growth. Note 17 analyses the reserves of the Trust between the constituent academies and the central team. The central team currently has a deficit in reserves which is as expected in this phase of the Trust's growth. It is anticipated that future growth of the trust will eliminate this deficit.

As with many members of the LGPS the pension scheme is in deficit. Directors intend to continue to follow the actuary's advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due.

Directors will continue to monitor all reserves on a regular basis.

Investment Policy

There are no material investments. Cash is managed using our Lloyds current account and the management of these funds is constantly under review. Bank advice at present is that there is a reasonable return in the form of interest payments on this account and in the context of other rates currently on offer. This is under review and Directors intend to invest reserves in safe interest paying accounts.

Principal Risks and Uncertainties

To achieve our vision we need to be aware of the principal risks that affect our work. The risks we face in a rapidly changing education landscape continue to evolve over time:

- Political, legal and regulatory
- Reputational and changing local provision
- Health, Safety and safeguarding our community
- Staff costs, external funding and resources
- Trust growth and associated change

The Directors have assessed the major risks to which the Community Academies Trust is exposed by completing a financial risk and control checklist. Operational procedures that are in place to minimise the risk when recruiting new staff include vetting of new staff and Governors on interview panels. Governors work with the facilities teams to monitor the premises and health and safety standards. The Community Academies Trust has effective financial procedures in place and these are explained in the Financial Procedures Manual. The Audit Committee regularly review all elements of the Trust business to ensure that potential risks are identified and processes implemented to mitigate those risks.

In order to ensure that potential risks are identified and processes implemented to mitigate those risks, the full risk assessment is constantly under review.

Plans for Future Periods

By growing hubs within a single Multi Academy trust, the Trust feels that it will be better placed to meet the challenges posed by changes to school funding arrangements, and levels of income (for example, further pension contributions, Post16 funding reductions, Education Services Grant decline) and changes likely to affect our fixed costs which continue to rise in line with pay rises and incremental drift in staff salaries.

The proposed larger Trust described earlier in this document will equip us, more easily, to protect our frontline from these financial pressures and achieve economies of scale.

Community Academies Trust

Trustees' Report (continued)

Funds Held as Custodian Trustee on Behalf of Others

The Trust currently holds funds on behalf of the North Warwickshire Secondary School Consortium. This is a group of 12 secondary schools and 2 FE colleges. The CEO of the CAT Trust chairs this Local Authority Consortium, bids for money on its behalf and manages the distribution of these funds for spending across the consortium. This money is spent on school improvement initiatives and the accountability for that spend and its impact is through the CEO of the Trust in his role representing the consortium at the Local Authority School Improvement Board.

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 10 December 2015 and signed on its behalf by:



Mr S Atkins

Chair of Trustees

Community Academies Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The Community Academies 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 Chief Executive Officer, 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 The Community Academies Trust and the Secretary of State for Education. The Chief Executive Officer is 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 main board of directors met 4 times during the year. Attendance at meetings during the year was as follows:

| Director | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Mr S Atkins | 3 | 4 |
| Mr N Bratt (Vice Chair) | 3 | 4 |
| Mr B Dimpleby (Chair) | 4 | 4 |
| Mrs L Grinham | 4 | 4 |
| Mr P Hamilton | 3 | 3 |
| Mr S Mason | 1 | 2 |
| Mr E May | 3 | 3 |
| Rev S Wallis | 4 | 4 |
| Ms C Bell (resigned 19 November 2014) | 0 | 0 |
| Mr K Veasey-Watts (resigned 25 November 2014) | 0 | 0 |

Governance reviews

The governance of the Trust is being reviewed in early 2015/16 to respond to the growth of the Trust.

Audit Committee

The audit committee is a sub-committee of the main Board of Directors and its purpose is to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any employee, external audit, internal audit or other assurance provider.

The role of the Audit Committee is to maintain an oversight of the Academy Trust's governance, risk management, internal control and value for money framework. It will report its findings to the Board of Directors. During the year Mr Veasey-Watts resigned as a director and so left the audit committee. Mr S Mason joined the audit committee

The Audit Committee has this year:

- Received audited accounts and Management letter for 2013/14 academic year
- Received Responsible Officer Reports
- Reviewed budget plans for Community Academies Trust

Attendance at the Audit Committee meetings in the year was as follows:

| Director | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| Mr S Atkins | 4 | 4 |
| Mr B Dimpleby | 4 | 4 |
| Mr S Mason | 1 | 1 |

Community Academies Trust

Governance Statement (continued)

Review of Value for Money

As accounting officer, the chief executive 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer has delivered improved value for money during the year by:

- improving educational provision in our schools across the board. This is supported by the Ofsted judgments received and therefore represents increased value for money for taxpayers.
- the provision of insurance cover has been reviewed.
- attracting other schools through our successes to join the Trust and this should help us to achieve future economies of scale.

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 on-going 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 The Community Academies Trust for the year to 31 August 2015 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Trustees are aware of their responsibilities and have appointed an external Responsible Officer to carry out regular scrutiny of financial data. This is supported by regular reports to the Local Governing Bodies and main Board of Directors. The system of internal control aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

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 Audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

Community Academies Trust

Governance Statement (continued)

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Dains Accountants as internal auditor.

The internal auditor performs a range of checks on the Academy Trust's financial systems. The checks are performed on a termly basis and each visit The Polesworth School has been selected along with one primary school on a rotational basis. The board of Directors receive a report through the Audit Committee on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

During the period September 2014 to August 2015 there were two internal audit visits, both of these visits involved testing of:

- Payroll
- Purchases
- Expense claims
- Income
- Bank Reconciliation
- Capitalisation of Fixed Assets

The schedule of work as planned by the Audit Committee has been delivered as expected. The outcome of the visits were that overall the Community Academies Trust has good systems and controls in place. There was a recommendation about carrying out timely bank reconciliations, which has been addressed. There were also a number of recommendations at one of the new schools that had recently joined the trust and these are also being addressed.

Review of Effectiveness

As Accounting Officer, the Executive Director has responsibility for reviewing the effectiveness of the system of internal control. During the year this has been informed by:

- The work of the internal auditor
- The work of the external auditor
- The work of the school business manager and finance team 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 audit committee and a plan to address weaknesses if relevant and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 10 December 2015 and signed on its behalf by:



Mr S Atkins
Chair of Trustees



Mr P Hamilton
Accounting Officer

Community Academies Trust

Statement on Regularity, Propriety and Compliance

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

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

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



Mr P Hamilton
Accounting Officer

10 December 2015

Community Academies Trust

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Community Academies Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 10 December 2015 and signed on its behalf by:



Mr S Atkins

Chair of Trustees

Community Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Community Academies Trust

We have audited the financial statements of Community Academies Trust for the year ended 31 August 2015 on pages 19 to 42. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who act as Governors of Community Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

Community Academies Trust

Independent Auditor's Report on the Financial Statements to the Board of Trustees of The Community Academies Trust (continued)

Matters on which we are required to report by exception

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

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

Philip Coleman (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor (formerly Baker Tilly UK Audit LLP)

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

December 2015

Community Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

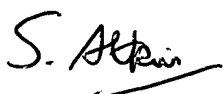
| | Note | Un- restricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2015 £000 | Total 2014 £'000 |
|--|------|---------------------------------|--|---|-----------------------|------------------------|
| Incoming resources | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | |
| ▪ Voluntary income | 2 | 25 | 12 | - | 37 | - |
| ▪ Transfer from Local Authority on conversion | 29 | 187 | (545) | 4,525 | 4,167 | 1,564 |
| ▪ Activities for generating funds | 3 | 683 | 151 | - | 834 | 772 |
| ▪ Investment income | 4 | 3 | - | - | 3 | 2 |
| <i>Incoming resources from charitable activities:</i> | | | | | | |
| ▪ Funding for the Academy's educational operations | 5 | - | 12,381 | 1,063 | 13,444 | 10,351 |
| Total incoming resources | | 898 | 11,999 | 5,588 | 18,485 | 12,689 |
| Resources expended | | | | | | |
| <i>Charitable activities:</i> | | | | | | |
| ▪ Academy's educational operations | 7 | (692) | (12,722) | (644) | (14,058) | (11,178) |
| Governance costs | 8 | - | (117) | - | (117) | (64) |
| Total resources expended | 6 | (692) | (12,839) | (644) | (14,175) | (11,242) |
| Net incoming/(outgoing) resources before transfers | | 206 | (840) | 4,944 | 4,310 | 1,447 |
| Gross transfers between funds | 17 | - | (50) | 50 | - | - |
| Net income/ (expenditure) for the year | | 206 | (890) | 4,994 | 4,310 | 1,447 |
| Other recognised gains and losses | | | | | | |
| Actuarial gains /(losses) on defined benefit pension schemes | 26 | - | 58 | - | 58 | (994) |
| Net movement in funds | | 206 | (832) | 4,994 | 4,368 | 453 |
| Reconciliation of funds | | | | | | |
| Total Funds brought forward | 17 | 233 | (1,989) | 16,314 | 14,558 | 14,105 |
| Total Funds carried forward | | 439 | (2,821) | 21,308 | 18,926 | 14,558 |

All of the Trust's activities derive from continuing operations during the above two financial periods.
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Community Academies Trust
Company Number 07472736
Balance Sheet as at 31 August 2015

| | Notes | 2015 £000 | 2014 £000 |
|--|-------|----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 12 | 20,538 | 16,314 |
| Current assets | | | |
| Stock | 13 | 3 | 3 |
| Debtors | 14 | 391 | 100 |
| Cash at bank and in hand | | 2,993 | 1,937 |
| | | <u>3,387</u> | <u>2,040</u> |
| Creditors: Amounts falling due within one year | 15 | <u>(1,132)</u> | <u>(675)</u> |
| Net current assets | | <u>2,255</u> | <u>1,365</u> |
| Total assets less current liabilities | | <u>22,793</u> | <u>17,679</u> |
| Creditors: Amounts falling due after more than one year | 16 | <u>(32)</u> | <u>(15)</u> |
| Net assets excluding pension liability | | <u>22,761</u> | <u>17,664</u> |
| Pension scheme liability | 26 | (3,835) | (3,106) |
| Net assets including pension liability | | <u>18,926</u> | <u>14,558</u> |
| Funds of the Academy: | | | |
| Restricted income funds | | | |
| ▪ Fixed asset fund | 17 | 21,308 | 16,314 |
| ▪ General fund | 17 | 1,014 | 1,117 |
| ▪ Pension reserve | 17 | (3,835) | (3,106) |
| Total restricted funds | | <u>18,487</u> | <u>14,325</u> |
| Unrestricted income funds | | | |
| ▪ General fund | 17 | 439 | 233 |
| Total unrestricted funds | | <u>439</u> | <u>233</u> |
| Total funds | | <u>18,926</u> | <u>14,558</u> |

The financial statements on pages 19 to 42 were approved by the trustees, and authorised for issue on 10 December 2015 and are signed on their behalf by:



Mr S Atkins

Chair of Trustees

Community Academies Trust
Cash Flow Statement for the Year Ended 31 August 2015

| | Notes | 2015 £000 | 2014 £000 |
|---|-------|--------------|--------------|
| Net cash inflow from operating activities | 21 | 146 | 737 |
| Returns on investments and servicing of finance | 22 | 3 | 2 |
| Capital income/ (expenditure) | 23 | 720 | (133) |
| Increase in cash in the year | 24 | 869 | 606 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 September | | 1,937 | 1,898 |
| Inherited on conversion | 29 | 187 | 39 |
| Net funds at 31 August | | 2,993 | 1,937 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1. Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the 'Statement of Recommended Practice' ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The 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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

▪ Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended.

Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

▪ Donations

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

▪ Other Income

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

▪ Donated Services and Gifts in Kind

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

▪ Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

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

▪ Costs of Generating Funds

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

▪ Charitable Activities

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

▪ Governance Costs

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

| | |
|----------------------------------|---------------------|
| Freehold buildings | 2% (50 years) |
| Fixtures, fittings and equipment | 10-15% (6-10 years) |
| ICT equipment | 33.3% (3 years) |
| Motor Vehicles | 25% (4 years) |

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

1. Statement of Accounting Policies (continued)

Leased Assets

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

Stock

Stationery and book stocks are valued at the lower of cost or net realisable value.

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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme ('SERPS') (until April 2016), and the assets are held separately from those of the Academy Trust.

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 benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation toward its own administration costs and this is recognised in the statement of financial activities. The funds received are paid and any balances held are disclosed in note 30.

The Academy Trust also acts as an agent on behalf of the North Warwickshire Secondary School Consortium. This is a group of 12 secondary schools and 2 FE colleges. The CEO of the CAT Trust Chairs this Local Authority Consortium, bids for money on its behalf and manages the distribution of these funds for spending across the consortium. Funds received and subsequent disbursements to member organisations are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust does not take any administration fee for holding these funds. Any balances held are disclosed in note 30.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

2. Voluntary Income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Other donations | 25 | 12 | 37 | - |
| | <u>25</u> | <u>12</u> | <u>37</u> | <u>-</u> |

3. Activities for Generating Funds

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|--------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| School trips | 298 | - | 298 | 285 |
| Hire of facilities | 58 | - | 58 | 55 |
| Catering Income | 281 | - | 281 | 225 |
| Other Income | 46 | 151 | 197 | 207 |
| | <u>683</u> | <u>151</u> | <u>834</u> | <u>772</u> |

4. Investment Income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2015 £000 | Total 2014 £000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 3 | - | 3 | 2 |
| | <u>3</u> | <u>-</u> | <u>3</u> | <u>2</u> |

5. Funding for the Academy Trust's Educational Operations

| | Restricted Funds £000 | Restricted Fixed Asset Funds £000 | Total 2015 £000 | Total 2014 £000 |
|--------------------------------|-----------------------------|--|-----------------------|-----------------------|
| DfE/EFA capital grant | | | | |
| ▪ Condition Improvement Fund | - | 997 | 997 | 249 |
| ▪ Other grants | - | 66 | 66 | 68 |
| DfE/EFA revenue grant | | | | |
| ▪ General Annual Grant (GAG) | 11,015 | - | 11,015 | 9,254 |
| ▪ Other DfE/EFA grants | 1,208 | - | 1,208 | 690 |
| | <u>12,223</u> | <u>1,063</u> | <u>13,286</u> | <u>10,261</u> |
| Other Government grants | | | | |
| ▪ Local Authority grants | 158 | - | 158 | 90 |
| | <u>158</u> | <u>-</u> | <u>158</u> | <u>90</u> |
| | <u>12,381</u> | <u>1,063</u> | <u>13,444</u> | <u>10,351</u> |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

6. Resources Expended

| | Staff Costs | Non Pay Expenditure | Total 2015 | Total 2014 |
|--|----------------|------------------------|------------------------|---------------|
| | £000 | Premises £000 | Other Costs £000 | £000 |
| Academies' educational operations | | | | |
| ▪ Direct costs | 8,836 | 644 | 1,528 | 11,008 |
| ▪ Allocated support costs | 1,716 | 757 | 577 | 3,050 |
| | 10,552 | 1,401 | 2,105 | 14,058 |
| Governance costs including allocated support costs | - | - | 117 | 117 |
| | | | 117 | 117 |
| | 10,552 | 1,401 | 2,222 | 14,175 |

Net incoming/ (outgoing) resources for the period include:

| | 2015 £000 | 2014 £000 |
|---------------------------------|--------------|--------------|
| Operating Leases – other leases | 29 | 23 |
| Fees payable to auditor - audit | 33 | 9 |
| - other services | 3 | 6 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

7. Charitable Activities - Academy's educational operations

| | Total 2015 £000 | Total 2014 £000 |
|--|-----------------------|-----------------------|
| Direct costs | | |
| Teaching and educational support staff costs | 8,836 | 6,711 |
| Depreciation | 644 | 493 |
| Educational supplies | 835 | 766 |
| Examination fees | 162 | 166 |
| Staff development | 129 | 101 |
| Educational consultancy | 104 | 26 |
| School trips | 298 | 289 |
| | <u>11,008</u> | <u>8,552</u> |
| Allocated support costs | | |
| Support staff costs | 1,716 | 1,664 |
| Recruitment and support | 64 | 87 |
| Maintenance of premises and equipment | 316 | 223 |
| Cleaning | 63 | 15 |
| Rent & rates | 57 | 41 |
| Heat & light | 193 | 174 |
| Insurance | 128 | 79 |
| Security and transport | 9 | 14 |
| Catering | 308 | 192 |
| Other support costs | 196 | 137 |
| | <u>3,050</u> | <u>2,626</u> |
| | <u>14,058</u> | <u>11,178</u> |

8. Governance costs

| | Total 2015 £000 | Total 2014 £000 |
|-------------------------------|-----------------------|-----------------------|
| Legal and professional fees | 84 | 55 |
| Auditor's remuneration | | |
| Audit of financial statements | 33 | 9 |
| | <u>117</u> | <u>64</u> |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

9. Staff numbers and costs

a. Staff costs

| | 2015 £000 | 2014 £000 |
|---------------------------|--------------|--------------|
| Wages and salaries | 8,213 | 6,682 |
| Social security costs | 556 | 461 |
| Pension costs | 1,414 | 1,113 |
| Total Staff costs | 10,183 | 8,256 |
| Other Costs | | |
| Supply teacher costs | 278 | 119 |
| Staff restructuring costs | 13 | - |
| Total | 10,474 | 8,375 |

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totaling £12,619 (2014 £nil). Individually the payments were: £4,000, £4,344 and £4,275.

c. Staff numbers

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

| | 2015 Number | 2014 Number |
|----------------------------|----------------|----------------|
| Teachers | 137 | 108 |
| Administration and support | 154 | 127 |
| Management | 19 | 16 |
| | 310 | 251 |

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2015 Number | 2014 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 3 | 3 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | - | 1 |
| £100,001 -£110,000 | - | 1 |
| £120,001 - £130,000 | 1 | - |
| £130,001 - £140,000 | 1 | - |
| | 6 | 6 |

All of the above employees participated in the Teachers' Pension Scheme, a defined benefit scheme.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

10. Related Party Transactions - Trustees' Remuneration & Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members, and not in respect of their role as trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of the trustees' remuneration was as follows:

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Remuneration | | |
| Mr P Hamilton (Chief Executive) | 135,032 | 106,148 |
| Mr E May (Director of Education, Primary) | 121,277 | 84,904 |
| Mrs L Grinham (Finance & Admin Assistant, Birchwood Primary School) | 3,979 | - |
| Employer's pension contribution | | |
| Mr P Hamilton (Chief Executive) | 16,967 | 15,492 |
| Mr E May (Director of Education, Primary) | 13,784 | 11,544 |
| Mrs L Grinham (Finance & Admin Assistant, Birchwood Primary School) | 232 | - |

During the year ended 31 August 2015, travel and subsistence expenses totaling £3,482 (2014: £699) were reimbursed to four trustees (2014: two trustees).

Trustees Insurance

During the year the Trust entered into the DfE's Risk Protection Arrangement (RPA). The RPA is not an insurance scheme but is a mechanism through which the cost of risks that materialise from 1 September 2014 will be covered by government funds. This includes protection trustees and officers from claims arising from negligent acts, errors and omissions occurring whilst on Trust business. The cost of this insurance is included in the total insurance cost and not separately identifiable.

Other related party transactions involving the Trustees are set out in note 27.

11. Central services

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

- School improvement
- Financial services (including finance software)
- Payroll management
- Asset management
- Staff development
- Risk management
- Treasury management
- Statutory reporting

The trust charges for these services on the following basis:

- Secondary school 3.5 % of GAG, 6th form and ESG Funding
- Primary schools 3.5 % of GAG and ESG Funding

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

11. Central services (continued)

The actual amounts charged during the year were as follows:

| | 2015 £'000 |
|---------------------------------|---------------|
| The Polesworth School | 241 |
| Birchwood Primary School | 50 |
| Dordon Community Primary School | 23 |
| Wood End Primary School | 17 |
| Budbrooke Primary School | 31 |
| Woodloes Primary School | 22 |
| | <hr/> |
| | 384 |

12. Tangible Fixed Assets

| | Long Leasehold Land & buildings £000 | Furniture and Equipment £000 | Computer Equipment £000 | Motor Vehicles £000 | Total £000 |
|------------------------|--|---------------------------------------|-------------------------------|---------------------------|---------------|
| Cost | | | | | |
| At 1 September 2014 | 16,855 | 258 | 562 | 9 | 17,684 |
| Assets on conversion | 4,489 | 24 | 12 | - | 4,525 |
| Additions | 266 | 9 | 68 | - | 343 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 August 2015 | 21,610 | 291 | 642 | 9 | 22,552 |
| Depreciation | | | | | |
| At 1 September 2014 | 972 | 79 | 314 | 5 | 1,370 |
| Charged in period | 458 | 44 | 140 | 2 | 644 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 August 2015 | 1,430 | 123 | 454 | 7 | 2,014 |
| Net book values | | | | | |
| At 31 August 2015 | 20,180 | 167 | 188 | 2 | 20,538 |
| At 31 August 2014 | 15,883 | 179 | 248 | 4 | 16,314 |

13. Stock

| | 2015 £000 | 2014 £000 |
|----------------------|--------------|--------------|
| Stationery and books | 3 | 3 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

14. Debtors

| | 2015 £000 | 2014 £000 |
|---------------|--------------|--------------|
| Trade debtors | 43 | 4 |
| Other debtors | 103 | 58 |
| Prepayments | 245 | 38 |
| | 391 | 100 |

15. Creditors: Amounts falling due within one year

| | 2015 £000 | 2014 £000 |
|------------------------------|--------------|--------------|
| Trade creditors | 308 | 190 |
| Taxation and social security | 171 | - |
| Other creditors | 187 | 2 |
| Accruals and deferred income | 466 | 483 |
| | 1,132 | 675 |

| | 2015 £000 |
|--|--------------|
| Deferred income | |
| Deferred Income at 1 September | 246 |
| Resources deferred in the period | 241 |
| Amounts released from previous periods | (246) |
| Deferred income at 31 August | 241 |

Deferred income at the year end is in relation to grant monies received in advance and upfront payments made for trips that took place after the year end.

16. Creditors: Amounts falling due after more than one year

| | 2015 £000 | 2014 £000 |
|-----------------|--------------|--------------|
| Other creditors | 32 | 15 |
| | 32 | 15 |

The academy trust received "Salix" loans from the Government in the year of £20,925, leaving a total amount owed of £35,925 at 31 August 2015, of which £3,735 is repayable in the next financial year. Salix loans are provided to support energy efficient capital investment and no interest is charged.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

17. Funds

| | At 1 September 2014 £000 | Assets/ (liabilities) acquired on conversion £000 | Incoming Resources £000 | Resources Expended £000 | Gains, Losses and Transfers £000 | At 31 August 2015 £000 |
|-------------------------------------|-----------------------------------|---|-------------------------------|-------------------------------|--|---------------------------------|
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | - | 11,015 | (11,015) | - | - |
| Other DfE/EFA grants | 13 | - | 1,208 | (1,221) | - | - |
| Other restricted Income/Exp | 1,104 | - | 322 | (362) | (50) | 1,014 |
| | 1,117 | - | 12,545 | (12,598) | (50) | 1,014 |
| Pension reserve | (3,106) | (545) | - | (242) | 58 | (3,835) |
| | (1,989) | (545) | 12,545 | (12,840) | 8 | (2,821) |
| Restricted fixed asset funds | | | | | | |
| DfE/EFA capital grants | 1,424 | - | 1,063 | (56) | 50 | 2,481 |
| Assets on conversion | 14,890 | 4,525 | - | (588) | - | 18,827 |
| | 16,314 | 4,525 | 1,063 | (644) | 50 | 21,308 |
| Total restricted funds | 14,325 | 3,980 | 13,608 | (13,484) | 58 | 18,487 |
| Unrestricted funds | | | | | | |
| Unrestricted funds | 233 | 187 | 711 | (692) | - | 439 |
| Total unrestricted funds | 233 | 187 | 711 | (692) | - | 439 |
| Total funds | 14,558 | 4,167 | 14,319 | (14,176) | 58 | 18,926 |

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 2015.

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

Restricted general funds

The balance of £1,014,000 on the restricted general funds will be used for educational purposes in accordance with the restrictions attached to the funding, as will the balance of £439,000 held on unrestricted funds.

The Pension reserve of £3,835,000 (overdrawn) represents the Academy Trust's share of the deficit in the Warwickshire Pension Fund.

Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired on conversion to an Academy Trust, being the properties. Condition Improvement Grants were received during the year totaling £997,000 for 3 projects. Work was in progress on all 3 projects at 31 August and £744,000 of the fixed assets fund relates to unspent CIF grant which it is planned to spend in the new financial year. £25,702 of the fixed asset fund relates to unspent devolved formula capital grant which it is planned to spend in the new financial year.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015(continued)

17. Funds (continued)

Analysis of Academies by Fund balance

Funds at 31 August 2015 were allocated as follows:

| | Balance at 31 August 2015 £'000 |
|--|--|
| The Polesworth School | 865 |
| Birchwood Primary School | 193 |
| Dordon Primary School | 241 |
| Wood End Primary School | 53 |
| Budbrooke Primary School | 97 |
| Woodloes Primary School | 51 |
| Community Academies Trust (Central Services) | (47) |
| Total before fixed assets and pension reserve | 1,453 |
| Restricted fixed asset fund | 21,308 |
| Pension reserve | (3,835) |
| Total | 18,926 |

Analysis of Academies by cost

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

| | Teaching and Educational support staff costs £'000 | Other Support staff costs £'000 | Educational supplies £'000 | Other costs (exc. Dep) £'000 | Total £'000 |
|---|--|---|----------------------------------|------------------------------------|----------------|
| The Polesworth School | 5,386 | 998 | 552 | 858 | 7,794 |
| Birchwood Primary School | 1,039 | 125 | 198 | 211 | 1,573 |
| Dordon Primary School | 389 | 64 | 101 | 93 | 647 |
| Wood End Primary School | 421 | 48 | 69 | 115 | 653 |
| Budbrooke Primary School | 657 | 60 | 131 | 205 | 1,053 |
| Woodloes Primary School | 612 | 63 | 98 | 98 | 871 |
| Community Academies Trust (Central services) | 248 | 217 | 57 | 176 | 698 |
| Pension FRS17 adjustment | 85 | 84 | | 73 | 242 |
| | 8,837 | 1,659 | 1,206 | 1,829 | 13,531 |

18. Analysis of Net Assets between Funds

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|---|-------------------------------|--|---|------------------------|
| Tangible fixed assets | - | - | 20,538 | 20,538 |
| Current assets | 439 | 2,178 | 770 | 3,387 |
| Current liabilities | - | (1,132) | - | (1,132) |
| Long term liabilities | - | (32) | - | (32) |
| Pension scheme liability | - | (3,835) | - | (3,835) |
| Total net assets at 31 August 2015 | 439 | (2,821) | 21,308 | 18,926 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

19. Capital Commitments

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Contracted for, but not provided in the financial statements | 744 | - |

20. Financial Commitments

Operating Leases

At 31 August 2015 the Academies Trust had annual commitments under non- cancellable operating leases as follows:

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Other | | |
| Expiring within one year | 12 | 7 |
| Expiring within two and five years inclusive | 13 | 26 |
| | 25 | 33 |

21. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Net income | 4,310 | 1,447 |
| Depreciation (note 12) | 644 | 493 |
| Capital grants from DfE and other capital income | (1,063) | (317) |
| Interest receivable | (3) | (2) |
| FRS 17 pension cost less contributions payable (note 26) | 169 | 67 |
| FRS 17 pension finance income (note 26) | 73 | 60 |
| Increase in stocks | - | - |
| (Increase)/decrease in debtors | (291) | 45 |
| Increase in creditors | 457 | 493 |
| Increase in creditors due after more than one year | 17 | 15 |
| Transfer from local authority (note 29) | (4,167) | (1,564) |
| Net cash inflow from operating activities | 146 | 737 |

22. Returns on investments and servicing of finance

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Interest received on cash balances | 3 | 2 |
| Net cash inflow from returns on investment and servicing of finance | 3 | 2 |

23. Capital Expenditure and Financial Investment

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Purchase of tangible fixed assets | (343) | (450) |
| Capital grants from DfE/EFA | 1,063 | 317 |
| Net cash inflow/ (outflow) from financial investment and capital expenditure | 720 | (133) |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

24. Analysis of Changes in Net Funds

| | At 1 September 2014 £000 | Inherited on conversion £000 | Cash flows £000 | At 31 August 2015 £000 |
|--------------------------|-----------------------------------|------------------------------------|--------------------|---------------------------------|
| Cash in hand and at bank | 1,937 | 187 | 869 | 2,993 |

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. Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £176,000 (2014: £nil) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

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

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

26. Pension and Similar Obligations (continued)

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

The pension costs payable to TPS in the period amounted to £791,000 (2014: £637,000)

A copy of the valuation report and supporting documentation is on the Teachers Pension website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS17 and 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £579,000 (2014: £454,000), of which employer's contributions totalled £454,000 (2014: £350,000) and employees' contributions totalled £125,000 (2014: £104,000). The agreed contribution rates for future years are 22% rising to 22.8% from 1 April 2016 for employers and between 5.5% and 9.9% 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

| | At 31 August 2015 | At 31 August 2014 |
|--|----------------------|----------------------|
| Rate of increase for pensions in payment / inflation | 2.7% | 2.7% |
| Rate of increase in salaries | 4.6% | 4.5% |
| Expected return on assets | 3.8% | 5.5% |
| Discount rate for scheme liabilities | 3.8% | 3.7% |

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 August 2015 | Approximate % increase to employer liability | Approximate monetary amount (£'000) |
|--|--|---|
| 0.5% decrease in Real Discount Rate | 14% | 1,059 |
| 1 year increase in member life expectancy | 3% | 232 |
| 0.5% increase in the Salary Increase Rate | 7% | 543 |
| 0.5% increase in the Pension Increase Rate | 6% | 480 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

26. Pension and Similar Obligations (continued)

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

| | At 31 August 2015 | At 31 August 2014 |
|-----------------------------|----------------------|----------------------|
| <i>Retiring today</i> | | |
| Males | 22.4 | 22.4 |
| Females | 24.4 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.3 | 24.3 |
| Females | 26.6 | 26.6 |

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

| | Expected return at 31 August 2015 | Fair value at 31 August 2015 £000 | Expected return at 31 August 2014 | Fair value at 31 August 2014 £000 |
|-------------------------------------|--|---|--|---|
| Equities | 3.8% | 2,490 | 6.3 % | 1,941 |
| Bonds | 3.8% | 895 | 3.4 % | 600 |
| Property | 3.8% | 467 | 4.5 % | 286 |
| Cash | 3.8% | 39 | 3.3 % | 29 |
| Total market value of assets | | 3,891 | | 2,856 |
| Present value of scheme liabilities | | (7,726) | | (5,962) |
| - Funded | | | | |
| Deficit in the scheme | | (3,835) | | (3,106) |

The actual return on scheme assets was £125,000 (2014: £62,000).

Amounts recognised in the statement of financial activities

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Current service cost (net of employee contributions) | 623 | 417 |
| Total operating charge | 623 | 417 |

Analysis of pension finance income / (costs)

| | | |
|--|-------------|-------------|
| Expected return on pension scheme assets | 181 | 146 |
| Interest on pension liabilities | (254) | (206) |
| Pension finance (costs) | (73) | (60) |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,145,000 loss (2014: £1,203,000 loss).

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

26. Pension and Similar Obligations (continued)

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

| | 2015 £000 | 2014 £000 |
|---------------------------------------|--------------|--------------|
| At 1 September | 5,962 | 4,033 |
| Current service cost | 623 | 417 |
| Interest cost | 254 | 206 |
| Employee contributions | 125 | 104 |
| Actuarial (gain)/ loss | (115) | 910 |
| Liabilities transferred on conversion | 877 | 322 |
| Benefits paid | - | (30) |
| At 31 August | 7,726 | 5,962 |

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

| | 2015 £000 | 2014 £000 |
|----------------------------------|--------------|--------------|
| At 1 September | 2,856 | 2,213 |
| Expected return on assets | 181 | 146 |
| Contributions by members | 125 | 104 |
| Employer contributions | 454 | 350 |
| Actuarial losses | (57) | (84) |
| Assets transferred on conversion | 332 | 157 |
| Benefits paid | - | (30) |
| At 31 August | 3,891 | 2,856 |

The estimated value of employer contributions for the year ended 31 August 2016 is £630,000.

The four-year history of experience adjustments is as follows:

| | 2015 £'000 | 2014 £'000 | 2013 £'000 | 2012 £'000 |
|---|----------------|----------------|----------------|----------------|
| Present value of defined benefit obligations | (7,726) | (5,962) | (4,033) | (2,616) |
| Fair value of share of scheme assets | 3,891 | 2,856 | 2,213 | 1,289 |
| Deficit in the scheme | (3,835) | (3,106) | (1,820) | (1,327) |
| Experience adjustments on share of scheme assets | | | | |
| Amount £'000 | (57) | (84) | 203 | 31 |
| Experience adjustments on scheme liabilities: | | | | |
| Amount £'000 | 4 | (208) | - | - |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

27. Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from the local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arms' length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

Clement Keys Education Services Limited

This is a company in which Mr S Atkins (a trustee of the trust) has an interest. Mr Atkins is a partner of Clement Keys LLP, which holds a majority interest in Clement Keys Education Services Limited.

- The trust purchased consultant finance director services from Clement Keys Education Services Limited totalling £43,720 during the year (2014: £11,812). There was £3,944 outstanding at 31 August 2015 (2014: nil).
- The charges were made at cost.
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations in which Mr Atkins neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Telford Co-operative Multi-Academy Trust (TCMAT)

This is a company which operated 4 secondary academies within Telford in the 2014/15 financial year. In early 2015 the DfE requested that a number of trustees, employees and connected persons of Community Academies Trust become trustees of TCMAT. The following people therefore were appointed as trustees of TCMAT from 1 April 2015:

Mr P Hamilton, CEO of Community Academies Trust and trustee,
Mr E May, Director of Education of Community Academies Trust and trustee
Mr S Atkins, Trustee of Community Academies Trust
Ms M Favell, Head of School, The Polesworth School
Mr M Giddings, Consultant Finance Director, Clement Keys Education Services Limited

An initial grant of £25,000 was awarded to the Trust by the DfE to support the Trust's work with TCMAT. That grant has been spent in the financial year, mainly on the legal and professional services required to stabilize the operations of TCMAT.

The Trust has also purchased supplies and services on behalf of TCMAT totaling £35,464 during the year which are being re-charged to TCMAT. This is made up of £25,464 of advertising costs paid on behalf of TCMAT to a third party and £10,000 of finance director services paid to Clement Keys Education Services Limited. All this expenditure was at arms' length and is recharged at cost.



Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

28. Events after the balance sheet date

On 1 November 2015 all the operations and assets and liabilities of Telford Co-operative Multi Academy Trust were transferred to the Trust for £nil consideration. From September 2015 these comprised of 3 secondary academies situated in Telford:

Telford Priory Academy (a new school formed by the amalgamation of Wrockwardine Wood Academy and Sutherland Academy on 1 September 2015)

Telford Park Academy (formerly Lakeside Academy)

Telford Langley Academy (formerly The Phoenix Academy)

A further grant of £320,000 was awarded to the Trust in 2015/16 to support its school improvement costs in working with these academies following their acquisition of the Trust. The financial implication of this acquisition will be accounted for in the Trust's financial statements for 2015/16.

29. Conversions to an Academy Trust

On 1 October 2014 Budbrooke Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Academies Trust from Warwickshire Local Authority for £nil consideration.

On 1 March 2015 Woodloes Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Academies Trust from Warwickshire Local Authority for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

The following tables sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities:

Budbrooke Primary School

| | Unrestricted Funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total £000 |
|---------------------------------|-------------------------------|--|--|---------------|
| Freehold land & buildings | - | - | 1,863 | 1,863 |
| Other tangible fixed assets | - | - | 6 | 6 |
| Budget surplus on LA funds | 132 | - | - | 132 |
| LGPS pension deficit | - | (144) | - | (144) |
| Net assets/(liabilities) | 132 | (144) | 1,869 | 1,857 |

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

29. Conversions to an Academy Trust (continued)

Woodloes Primary School

| | Unrestricted Funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total £000 |
|---------------------------------|-------------------------------|--|--|---------------|
| Freehold land & buildings | - | - | 2,626 | 2,626 |
| Other tangible fixed assets | - | - | 30 | 30 |
| Budget surplus on LA funds | 55 | - | - | 55 |
| LGPS pension deficit | - | (401) | - | (401) |
| Net assets/(liabilities) | 55 | (401) | 2,656 | 2,310 |

30. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £27,277 and disbursed £24,667 from the fund. An amount of £1,246 is carried forward to be disbursed in 2015/16 and is included in other creditors.

The Academy Trust distributes funds as an agent for the North Warwickshire Secondary Schools Consortium. In the accounting period ending 31 August 2015 the trust received £43,400 and disbursed £21,500 from the fund. An amount of £28,900 is carried forward to be disbursed in 2015/16 and is included in other creditors.