

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

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CAMBRIDGE PRIMARY EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr J A Frost Mr R S Plumbly Rev J Blandford-Baker Mrs A Shaw Dr S Jaccaud
Trustees	Mrs L C Birch (1)(2), Chief Executive Mr J A Frost, Chair of Trustees Mr R S Plumbly (1), Vice Chair Ms P R Todman (2) Mr K J Reynolds (1) Mr M E Woods Mr J-M Winstanley (2) (appointed 9 October 2018) Mr D Woodward (appointed 14 March 2019) Mr P D Larbey (resigned 14 October 2019) Mrs N L Smith (2) (resigned 6 December 2018) Mrs K L Monk (2) (resigned 4 October 2018)

- (1) Members of the finance and premises committee
(2) Members of the personnel committee

**Company registered
number**

08304433

Company name

Cambridge Primary Education Trust

**Principal and registered
office**

Histon and Impington Junior School
The Green
Histon
Cambridge
CB24 9JA

Executive principal

Mrs L C Birch

Senior leadership team

Mrs L C Birch, Executive Principal
Mrs J Jenkins, Assistant Headteacher
Mr A Aguda, Headteacher (HPPS)
Mr J Canavan, Assistant Headteacher (HPPS)
Mr J Newman, Headteacher (HIIS)
Miss L Moule, Assistant Headteacher (HIIS)
Mrs H Lorimer, Headteacher (HIJS)
Ms T Middleton, Assistant Headteacher (HIJS) - Resigned January 2019
Ms R Tranham, Assistant Headteacher (HIJS)
Mrs M Shute, Headteacher (TPPS)
Mr J Clarke, Headteacher (SPS)

HPPS - Hatton Park Primary School
HIIS - Histon & Impington Infant School
HIJS - Histon & Impington Junior School
TPPS - Trumpington Park Primary School
SPS - Somersham Primary School

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors Larking Gowen LLP
Chartered Accountants
King Street House
15 Upper King Street
Norwich
NR3 1RB

Bankers Barclays Bank PLC
9-11 St Andrews Street
Cambridge
CB2 3AA

Solicitors Stone King LLP
Cambridge Office
Thirty Station Road
Cambridge
CB1 2RE

CAMBRIDGE PRIMARY EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and Articles of Association (as updated on 8 March 2017) are the primary governing documents of the Trust.

There are five Members and nine Trustees of Cambridge Primary Education Trust. Two of the Members are also Trustees.

The charitable company is known as Cambridge Primary Education Trust.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

The principal activity of the Trust is to operate five academies, Hatton Park Primary School (HPPS), Histon & Impington Infant School (HIIS), Histon & Impington Junior School (HIJS), Trumpington Park Primary School (TPPS) and Somersham Primary School (SPS) which academised and joined the Trust on 1 April 2019.

b. 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.

c. Trustees' indemnities

The Trust has Trustee Liability Insurance for a limit of £2,000,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are appointed by the Members under the terms of the Articles of Association. The number of Trustees shall not be less than three but (unless determined by ordinary resolution) shall not be subject to any maximum.

The members are the company law members of the Trust and comprise Robert Plumbly, John Frost, the Reverend James Blandford Baker, Ann Shaw and Sabine Jaccaud. The minimum number of Members shall not be less than three.

The Trust shall have the following Trustees:

- The Executive Principal of Cambridge Primary Education Trust
- Up to 9 Trustees appointed by the Members
- One Trustee appointed by Cambridge Meridian Academies Trust (company no. 07552498)
- Any additional Trustees, if appointed under Article 61, 61A or 67A
- Any further Trustees, if appointed under Article 62 or Article 67A
- Up to 2 Trustees, if appointed by the Secretary of State in accordance with the terms of any of the Relevant Funding Agreements following the provision of a notice by the Company to terminate that Relevant Funding Agreement
- A minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no School Advisory Boards are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established School Advisory Board pursuant to Article 101A
- The Trust may also have any Co-opted Trustee appointed under Article 58

The total number of Trustees (including the Executive Principal) who are employees of the Trust shall not exceed one third of the total number of Trustees.

The Trust operates School Advisory Boards to oversee local governance of the academies within the Trust. The members of those School Advisory Boards include elected parents and staff as well as others who are appointed by the Trustees.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience; an induction is given to all Trustees. During the year, the Trust has subscribed to the Governor Training Programme provided by the Local Authority and the National Governors Association. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

f. Organisational structure

The Trustees have overall responsibility for the management of the Trust and have appointed an Executive Principal who in turn oversees each of the individual academies. Each academy has a School Advisory Board that holds to account the Head teacher and Senior Leadership Team responsible for the daily operations of each academy.

A clear management structure exists to effectively manage the Trust. The structure now consists of the members, the trustees, the school advisory boards (SABs), Executive Principal and trust senior leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The members appoint the trustees and the auditors.

The trustees are responsible for the strategic direction and planning of the Trust, approving the Trust's budget, monitoring individual academy performance and making major decisions about the direction of the Trust. The trustees also approve academic targets, finance policies, executive pay, personnel policies and all estates/IT strategy and policy.

The SABs responsibilities are as documented in the scheme of delegation.

The senior leadership teams comprise of the Executive Principal, Headteachers and Assistant Headteachers. These managers control each academy at an executive level implementing the policies laid down by the Trust. As a group, the senior leadership teams are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

g. Pay policy for key management personnel

The Trust reviews its pay policy for staff on an annual basis together with the policy relating to Performance Management.

Performance Management occurs annually with all recommendations for salary progression being presented with evidence and approved by the Personnel Committee.

Trade union facility time

During the year there were no employees who were relevant trade union officials. There was no time spent on facility time or paid trade union activities.

h. Related parties and other connected charities and organisations

Cambridge Primary Education Trust (CPET) has a close working relationship with Cambridge Meridian Academies Trust (CMAT). They share membership of Teaching School networks and the Executive Principal of each trust is on the board of Trustees of the other trust. CPET receive operational services from CMAT including IT, site and financial services at cost.

CAMBRIDGE PRIMARY EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

a. Objects and aims

The Trust's objects are specifically restricted to the following:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.
- b) to promote for the benefit of the inhabitants of Cambridge and the surrounding area 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 interests of social welfare and with the object of improving the condition of life of the said inhabitants.

b. Objectives, strategies and activities

The Trust is developing strong partnerships across the five academies and with other networks. Attainment and progress is high in each of the academies. Teaching and learning opportunities across the Trust have been frequent including, joint staff meetings, training sessions, interviewing, observations, lesson study, moderation, mentoring and coaching. The academies celebrate success together and have held science days, art and musical events for families and friends to come along and join in the fun. Systems and procedures for finance, personnel and premises are constantly being reviewed and upgraded.

The Trust works in partnership with its Senior Leadership Teams, school advisors, trustees, local Headteachers and colleagues to develop learning opportunities for the children in its care. A number of collaborative projects with other schools will enhance its learning and provision especially within the Teaching School provision.

The Trust has supported a variety of schools within the local authority and also in Suffolk and Bedfordshire as part of the Teaching School remit.

The Trust is also a strong member of the Teaching School Alliance that is chaired by The Trust's Executive Principal. Involvement in training teachers via the Primary SCITT has enabled the Trust to support the areas they need to recruit quality staff.

As the Teaching School Representative for the East of England and North East London, the Executive Principal has initiated and supported commissions to improve the outcomes for children and young people across the region.

c. Public benefit

In exercising their powers and duties the Trust Directors have complied with their duty to have due regard to the public benefit guidance published by the Charity Commission.

d. Employees and disabled persons

The Trust has a robust Equality and Diversity Policy. The Trust ensures regular and varied communication with staff relating to matters affecting them.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

a. Key performance indicators

The board of trustees continues to use both financial and non-financial key performance indicators to manage the Trust. The Trust maintains a strong management information function which is focused on regular and accurate reporting including the issue of termly financial information to the Trust inclusive of a financial commentary. Financial KPIs are measured continuously and the Trust was successful in delivering a comprehensive and well understood set of management information to the board. Progress and attainment levels within the academies are used to measure academic success. This, first choices and retention rates drive reputation. Key performance indicators for personnel is measured and reported using progress, pay and attendance.

The board consider the main financial KPI of the Trust to be the reserves levels held, which is disclosed in the reserves policy. The trustees use further financial performance indicators to allow them to make decisions on staffing, budgeting and inspection of costs. The performance indicators are GAG funding as a percentage of income, staffing costs as a percentage of GAG, income and expenditure, premises maintenance costs as a percentage of GAG, income and expenditure, and other costs as a percentage of GAG, income and expenditure.

Achievements and performance

Attendance for 2018/2019

School	Number on Roll	Attendance	School Type
HIIS	328	96.4%	Infant
HIJS	386	97.32%	Junior
HP	297	96.41%	Primary
TPPS	143	95.29%	Primary – only Reception, Y1 and Y2 this academic year
SPS	258	96.27%	Primary – joined the Trust on 1 st April 2019

Data Outcomes at end of school year 2018/2019

School	EY GLD	Phonics	Y2 RWM combined	Y6 RWM combined
HIIS	75%	90%	74%	n/a
HIJS	n/a	n/a	n/a	87%
HP	75%	90%	68%	81%
TPPS	73.3%	80.46%	57%	n/a
SPS	73%	76%	74%	47%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

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

Financial review

a. Reserves policy

The trustees review the reserve levels of the Trust regularly. This review encompasses the nature of income and expenditure streams, the need to match income commitment and the nature of reserves. The trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

As a growing Trust consideration is given to the future staffing levels and the need to retain good staff to deal with the future anticipated pupil numbers.

Trustees determine what the level of uncommitted reserves should be. The aim 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. Total unrestricted and restricted general funds of £913,947 equates to approximately 2 months worth of expenditure.

The Trust held fund balances of £34,340,156 at 31 August 2019 made up as follows:

Unrestricted funds	£452,712
Restricted general funds	£461,235
Restricted funds for the teaching school	£112,854
Restricted fixed asset funds	£35,804,355

Restricted pension fund deficit of (£2,491,000). This liability does not have an immediate cash flow impact but as the deficit increases or decreases over time, the contributions made towards it will increase or decrease.

b. Material investments policy

During this year, the Trust has held all its funds in an interest bearing current account. The Trust does not hold any other investments

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

The Trust has assessed the major risks to which it is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances, all of which are outlined on the risk register. The trustees/school advisors have implemented a number of systems to assess risks that the academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

The Trust board has considered and compiled an ongoing risk register. The Trust board considers the principal risks and uncertainties are regarding changes in funding levels. All academies aim to maximise the recruitment and retention of students and the Trust board seeks to ensure maximum funding is received.

d. Financial risk management objectives and policies

The Trust's main source of income is funding from the ESFA that is paid monthly to each academy throughout the year. Given this and the planned reserves at each academy, the Trust board do not consider they have a cash flow or liquidity risk.

e. Fundraising activities/ income generation

The Trust's academies undertake some in house fundraising activities such as sponsored walks, enrichment days, cake sales and open days. The Trust makes comprehensive endeavours to ensure that such activities are; planned effectively, that the activity organisers are effectively supervised and supported, that there is a clear protection for the Trust's assets and reputation in the ventures, that there is an understanding and compliance with laws, regulations and standards and that the Trust is open and accountable for the fundraising activities. Funds raised in this way are often put towards specific expenditure and this is communicated to parents.

Each school has a PTA (Parent group) who actively raise funds which can then be used for specific expenditure. Anticipated expenditure against some enhancement items can be requested from the PTA and these will be agreed in advance.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

f. Financial review

Most of the Trust's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust has also been in receipt of devolved formula capital grants from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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 2019, total expenditure of £5,624,121 (excluding pension, restricted fixed assets and the teaching school) (2018: £4,715,276). The excess of income over expenditure for the year (excluding transfers, restricted fixed asset funds, the teaching school and the pension fund) was £304,522 (2018: £274,804 deficit).

At 31 August 2019 the net book value of fixed assets was £35,747,735 (2018: £18,742,981) and movements in fixed assets are shown within notes 15 and 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies.

In accordance with FRS 102, the Trust received an actuarial assessment of pension scheme deficit. The deficit balance of £2,491,000 (2018: £1,286,000) is included within the balance sheet as at 31 August 2019. Supporting disclosures are in note 27.

During the year start-up grants were received by TPPS and used for the continuing building and improvement of this new addition to the Trust. Grants were also received at TPPS as diseconomies of scale to ensure that the school was able to function with the small intake of pupils in its first year. Some additional grants and guaranteed funding levels will continue into 2019/20. Growth funding received by HIJS of £58K and split site funding at HISS of £25K was used to compliment the continued growth of these schools and bolster staffing for the additional student intake. Pupil Premium, targeted at disadvantaged students, was received by all schools within the Trust to the value of £126K.

Additional grants above the usual Devolved Formula Capital were received in all schools and where this was not allocated against expenditure in year will be held over in capital grants. Teacher salary and pension increases were in part funded by additional ESFA grants and offset against salary and pension costs in year.

Somersham Primary School came into the Trust on 1st April with no brought forward balance. Some work has taken place with the local authority to agree income and expenditure allocations but confirmation was outstanding at the year end. Accrued income has been allocated for this and has resulted in brought forward reserves at Somersham.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

Future developments

The Trust will explore and develop partnership models, including inviting good and outstanding schools to share in its family of schools, to work with the Trust to share best practice and increase the individual and collective school improvement capacity.

Trumpington Park Primary School opened in September 2017 and Somersham Primary School joined the Trust in April 2019.

Hatton Park Primary School was expanded in 2017 to a two form entry. Histon and Impington Junior School has been refurbished and expanded during 2018/19.

Buxhall Farm is a new Primary School being built in Histon. This is to replace the current Infant school and building work started in November 2019. It is anticipated that the school will open in part during the Autumn 2020 term.

The current Infant school and site will be returned to Cambridgeshire County Council at that time.

HIJS will become a Primary School, hence the expansion and building works which were undertaken in 2018/19. It is not yet clear at which point this will take place as it is dependent on class sizes and parental choice although it is likely it will be during calendar year 2021.

Refurbishment and ongoing internal decoration has been undertaken at Somersham Primary School since conversion in April 2019 as the school, apart from being in need of better teaching and learning also needs to be brought into a state comparable with other schools.

Roofing works have been identified as imperative and the viability of applying for CIF (Capital Improvement Fund) from the ESFA is currently being investigated.

Roofing work on the older portion of HIJS is also a necessity and a CIF bid for this is likely to be put in this Autumn term. This does necessitate use of some reserves but it essential.

Boiler improvement at HIJS has been identified but more detail is to be sought in this regard before a decision is made on how this can be funded although it is likely it will be via a CIF bid too.

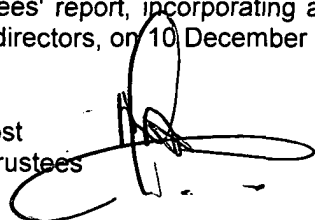
Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2019 and signed on its behalf by:

Mr J A Frost
Chair of Trustees



CAMBRIDGE PRIMARY EDUCATION TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 Executive Principal, 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 Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L C Birch, Chief Executive	6	6
Mr J A Frost, Chair of Trustees	6	6
Mr R S Plumbly, Vice Chair	6	6
Ms P R Todman	6	6
Mr K J Reynolds	6	6
Mr M E Woods	4	6
Mr J-M Winstanley	3	4
Mr D Woodward	2	3
Mr P D Larbey	2	6
Mrs N L Smith	1	2
Mrs K L Monk	1	1

The Trust annually review practices and advise on developments. In addition, internal audit visits are carried out by CMAT. The Trust also engages CMAT to support finance staff and ensure compliance in all financial matters.

The Finance and Premises Committee is a sub-committee of the main board of Trustees. Its purpose is to review the financial performance of the academies.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L Birch	6	6
Mr R S Plumbly	6	6
Mr K J Reynolds	6	6

The changes in the composition of the board were:

Mrs N L Smith resigned on 6 December 2018, Mr J-M Winstanley was appointed on 9 October 2018, Mrs K L Monk resigned on 4 October 2018, Mr P D Larbey resigned on 14 October 2019 and Mr D Woodward was appointed on 14 March 2019.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Trust's work in the year included supporting Somersham Primary School. The school then academised and joined the Trust on 1st April 2019. Each of the schools had an increase in numbers with TPPS having a significant increase.

Review of value for money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year.

What is Best Value?

Trustees will apply the four principles of best value:

- Challenge: Why, how and by whom a service is provided
- Compare: Academy performance against available data
- Consult: With service users, the local community etc.
- Competition: Wherever practicable, to secure efficient and effective services

The Trustees' Approach

The trustees and academy managers apply the principles of best value when making decisions about:

- Allocation of resources to best promote the aims and values of individual academies
- Targeting of resources to best improve standards and the quality of provision
- Use of resources to best support the various educational needs of all pupils

The trustees and the academy managers:

- Make comparisons with other/similar academies using available data, e.g. ASP, IDSR, FFT, quality of teaching and learning, levels of expenditure
- Challenge proposals, examining them for effectiveness, efficiency and cost
- Require suppliers to compete on grounds of cost and quality/suitability of services/products
- Consult individuals and organisations on quality/suitability of service provided to parents, pupils, and services received from providers

This will apply in particular to:

- Staffing: Trustees, school advisors and academy managers deploy staff to provide best value in terms of quality of teaching, quality of learning, adult pupil ratio, and curriculum management with a clear focus on individual student achievement.
- Use of premises: Trustees, school advisors and academy managers consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources and opportunities to generate income from the premises assets.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

- Use of resources: Trustees, school advisors and academy managers deploy equipment, materials and services to provide pupils and staff with resources which support high quality teaching and learning.
- Quality of teaching: Trustees, school advisors and academy managers review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has raised expectations of children's achievement.
- Quality of learning: Trustees, school advisors and academy managers review the quality of pupil's learning by setting and tracking pupil achievement targets.
- Purchasing: Trustees, school advisors and academy managers have clear procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.
- Pupil's welfare: Trustees, school advisors and academy managers review the quality of the environment and the academy ethos, in order to provide a supportive environment conducive to learning and recreation.
- Health and safety: Trustees, school advisors and academy managers review the quality of the academy environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

These areas are monitored for best value by:

1. Reviews of staffing by the Executive Principal and senior leadership team
2. Target setting meetings between Executive Principal, senior leadership team and subject-leads
3. Annual performance management
4. Annual budget planning and monitoring
5. Feedback from internal auditor and audit reports
6. Analysis of individual academy pupil performance data
7. Benchmarking across the Trust and with comparable schools locally
8. Analysis of DfE pupil performance data
9. Key issues for action identified by OFSTED
10. Trust committee meetings
11. Trustee annual staff salary review

The Trust has engaged with other educational providers over the last year to share delivery and good practice – these include CMAT.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

As a multi academy trust, the Trust provides the following shared services across the Trust:

- ICT
- Finance
- Premises
- Audit
- Educational support services
- DPO

Review and Control

Management accounts are produced on a monthly basis and the continued use of PSF will further develop the provision of timely, accurate and strategic reports as the Trust continues to grow.

The Trust has a risk register which is reviewed at trust level meetings to ensure there is a clear focus on the most relevant and appropriate strategic financial risks.

The Trust has an internal audit function which produces regular reports for the Finance and Premises Committee and this is supported by the external auditor's work.

The main challenges for the coming year are managing the continued growth of the Trust, to ensure pupil numbers are secured for future growth, effective management of the future reduction in growth funding received, manage the transition of PSF and the changes this will effect on the finance teams across the Trust, ensuring all pupils achieve, continued standardisation of systems and procedures across the Trust.

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 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 Trust for the year 1 September 2018 to 31 August 2019 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

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

In particular the checks carried out in the current period included:

- Expenses audit

The internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work and, where relevant, described what remedial actions should be taken to rectify the issues.

Review of effectiveness

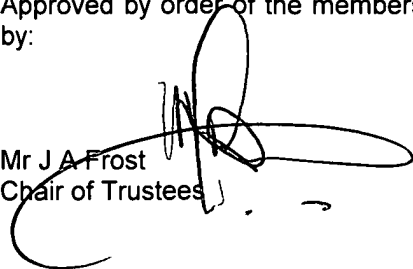
As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of Trustees on 10 December 2019 and signed on their behalf by:

Mr J A Frost
Chair of Trustees



Mrs L C Birch
Accounting Officer



CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Cambridge Primary Education Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



Mrs L C Birch
Accounting Officer
Date: 10 December 2019

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

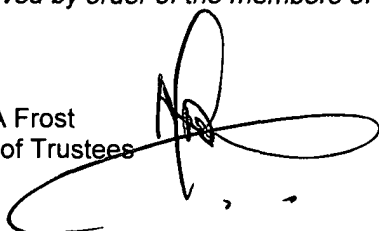
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of Trustees on 10 December 2019 and signed on its behalf by:

Mr J A Frost
Chair of Trustees



CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST**

Opinion

We have audited the financial statements of Cambridge Primary Education Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

MHA Larking Gowen

Christopher Yeates FCA DChA (Senior statutory auditor)
for and on behalf of
Larking Gowen LLP
Chartered Accountants
Statutory Auditors
Norwich

16 December 2019

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CAMBRIDGE
PRIMARY EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cambridge Primary Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Cambridge Primary Education Trust's funding agreement with the Secretary of State for Education dated 28 March 2019 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CAMBRIDGE
PRIMARY EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 Issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2018 to 2019. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management, the Accounting Officer and the trustees.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Testing application of the financial controls.
- Review of governance arrangements.
- Review of the trust's process for checking its financial systems, controls, transactions and risks.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Larking Gowen

Larking Gowen LLP
King Street House
15 Upper King Street
Norwich
NR3 1RB

Date: 16 December 2019

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer from local authority on conversion		-	(464,463)	5,341,549	4,877,086	-
Gifted property		-	-	12,179,927	12,179,927	9,623,733
Other donations and capital grants		17,600	-	76,447	94,047	23,354
Charitable activities:						
Trust educational operations		168,278	5,684,554	-	5,852,832	4,345,746
Teaching school/Council representative		-	404,340	-	404,340	444,816
Other trading activities		46,621	-	-	46,621	33,156
Other income	6	54,335	-	-	54,335	60,420
Total income		286,834	5,624,431	17,597,923	23,509,188	14,531,225
Expenditure on:						
Charitable activities:						
Trust educational operations		144,574	5,695,596	671,396	6,511,566	5,253,868
Teaching school/Council representative		-	428,318	-	428,318	574,634
Total expenditure		144,574	6,161,865	633,445	6,939,884	5,828,502
Net income/(expenditure)		142,260	(537,434)	16,964,478	16,569,304	8,702,723
Transfers between funds	20	-	(58,282)	58,282	-	-
Net movement in funds before other recognised gains/(losses) carried forward		142,260	(595,716)	17,022,760	16,569,304	8,702,723

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Net movement in funds before other recognised gains/(losses) brought forward	142,260	(595,716)	17,022,760	16,569,304	8,702,723
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes 27	-	(471,000)	-	(471,000)	282,000
Net movement in funds	142,260	(1,066,716)	17,022,760	16,098,304	8,984,723
Reconciliation of funds:					
Total funds brought forward	310,452	(850,195)	18,781,595	18,241,852	9,257,129
Net movement in funds	142,260	(1,066,716)	17,022,760	16,098,304	8,984,723
Total funds carried forward	452,712	(1,916,911)	35,804,355	34,340,156	18,241,852

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

The notes on pages 29 to 60 form part of these financial statements.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

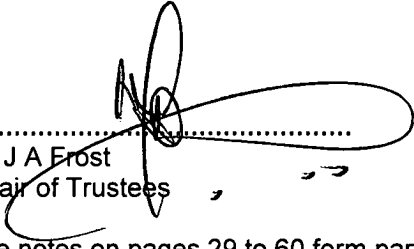
BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	35,747,735	18,742,981
		<u>35,747,735</u>	<u>18,742,981</u>
Current assets			
Debtors	17	370,594	166,162
Cash at bank and in hand		1,450,846	1,049,114
		<u>1,821,440</u>	<u>1,215,276</u>
Creditors: amounts falling due within one year	18	(726,280)	(415,236)
Net current assets		<u>1,095,160</u>	<u>800,040</u>
Total assets less current liabilities		<u>36,842,895</u>	<u>19,543,021</u>
Creditors: amounts falling due after more than one year	19	(11,739)	(15,169)
Net assets excluding pension liability		<u>36,831,156</u>	<u>19,527,852</u>
Defined benefit pension scheme liability	27	(2,491,000)	(1,286,000)
Total net assets		<u><u>34,340,156</u></u>	<u><u>18,241,852</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	20	35,804,355	18,781,595
Restricted income funds	20	574,089	435,805
		<u>36,378,444</u>	<u>19,217,400</u>
Restricted funds excluding pension asset	20	36,378,444	19,217,400
Pension reserve	20	(2,491,000)	(1,286,000)
Total restricted funds	20	<u>33,887,444</u>	<u>17,931,400</u>
Unrestricted income funds	20	<u>452,712</u>	<u>310,452</u>
Total funds		<u><u>34,340,156</u></u>	<u><u>18,241,852</u></u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The financial statements on pages 24 to 60 were approved by the Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf, by:



.....
Mr J A Frost
Chair of Trustees

The notes on pages 29 to 60 form part of these financial statements.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	413,870	(238,365)
Cash flows from investing activities	24	(8,708)	6,166
Cash flows from financing activities	23	(3,430)	(3,427)
Change in cash and cash equivalents in the year		401,732	(235,626)
Cash and cash equivalents at the beginning of the year		1,049,114	1,284,740
Cash and cash equivalents at the end of the year	25	<u>1,450,846</u>	<u>1,049,114</u>

The notes on pages 29 to 60 from part of these financial statements

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Cambridge Primary Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion of a school to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Donated fixed assets (excluding transfers on conversion or into the Trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure

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

Charitable activities and governance costs are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities. Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meeting and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Amortisation is provided on the following basis:

Computer software	-	In year of acquisition
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CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 2% straight line (land element at straight line over 125 years)
Computer equipment	- In year of acquisition
Other fixed assets	- Not depreciated until brought in to 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 incorporating income and expenditure account.

1.7 Interest receivable

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

1.8 Operating leases

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

1.9 Debtors

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

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

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1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Conversion to an academy

The conversion from a state maintained school to an academy within the Trust involved the transfer of identifiable assets and liabilities and the operation of Somersham Primary School for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on the conversion of Somersham Primary School to an academy within the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 26.

CAMBRIDGE PRIMARY EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.16 Fund accounting

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer from local authority on conversion	-	4,877,086	4,877,086	-
Gifted property	-	12,179,927	12,179,927	9,623,733
Donations	17,600	-	17,600	1,150
Capital Grants	-	76,447	76,447	22,204
Subtotal	17,600	76,447	94,047	23,354
	17,600	17,133,460	17,151,060	9,647,087
<i>Total 2018</i>	<i>1,150</i>	<i>9,645,937</i>	<i>9,647,087</i>	

The gifted property donation represents £10,870,000 in respect of the Trumpington Park Primary School site and £1,309,927 for Histon and Impington Junior School. Further details are included in note 16.

In the prior year £4,778,317 of the gifted property donation related to Histon and Impington Junior School improvements, that completed this year, and £4,845,416 for improvements to Hatton Park Primary School.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General annual grant (GAG)	-	5,005,880	5,005,880	3,577,470
Other DfE/ESFA grants	-	133,945	133,945	175,325
Teaching school/Council representative	-	404,340	404,340	444,816
Start-up grants	-	217,557	217,557	141,797
	-	5,761,722	5,761,722	4,339,408
Other government grants				
SEN funding	-	157,496	157,496	132,827
Other local authority funding	-	83,000	83,000	213,354
	-	240,496	240,496	346,181
Other funding				
Other income from operations	-	86,676	86,676	49,816
Trip income	168,278	-	168,278	55,157
	168,278	86,676	254,954	104,973
	168,278	6,088,894	6,257,172	4,790,562
<i>Total 2018</i>	55,157	4,735,405	4,790,562	

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	46,621	46,621	33,156

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Other incoming resources

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Staff income	51,229	51,229	58,309
Sundry income	3,106	3,106	2,111
	<u>54,335</u>	<u>54,335</u>	<u>60,420</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Educational Operations:					
Direct costs	3,981,075	-	802,489	4,783,564	4,109,675
Support costs	425,225	623,879	678,898	1,728,002	1,144,193
Teaching school	93,338	369	334,611	428,318	574,634
	<u>4,499,638</u>	<u>624,248</u>	<u>1,815,998</u>	<u>6,939,884</u>	<u>5,828,502</u>
<i>Total 2018</i>	<u>3,733,013</u>	<u>261,374</u>	<u>1,834,115</u>	<u>5,828,502</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational Operations	4,783,564	1,728,002	6,511,566	5,253,868
<i>Total 2018</i>	<i>4,109,675</i>	<i>1,144,193</i>	<i>5,253,868</i>	

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	Total funds 2018 £
Support staff costs	181,225	181,225	211,761
Depreciation	601,877	601,877	316,022
Technology costs	35,387	35,387	25,962
Premises costs	99,067	99,067	54,852
Other support costs	790,375	790,375	502,231
Governance costs	20,071	20,071	33,365
	1,728,002	1,728,002	1,144,193

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned by the charity	595,877	295,949
Amortisation of intangible assets	6,000	20,073
Operating lease rentals	8,450	1,875

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Trust's auditor and its associates for the audit of the Trust's annual accounts	15,000	11,500
Fees payable to the Trust's auditor in respect of:		
Audit-related assurance services	1,450	5,300
All other non-audit services not included above	2,800	1,500
	<u> </u>	<u> </u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,156,900	2,669,718
Social security costs	273,092	226,334
Pension costs	1,054,205	818,967
	<u> </u>	<u> </u>
	4,484,197	3,715,019
Agency staff costs	15,441	17,994
	<u> </u>	<u> </u>
	4,499,638	3,733,013
	<u> </u>	<u> </u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	63	65
Administration & support	87	76
Management	10	7
	<u> </u>	<u> </u>
	160	148
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Staff costs (continued)

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-
	<u>3</u>	<u>2</u>

d. Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £687,069 (2018 - £401,022).

12. Central services

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

- Financial and administrative services
- Management services
- Legal and professional services

The Trust charges for these services on the following basis:

Use of services

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Hatton Park Primary School	118,557	124,322
Histon & Impington Infant School	134,244	168,192
Histon & Impington Junior School	159,961	195,287
Trumpington Park Primary School	65,736	32,014
Total	<u>478,498</u>	<u>519,815</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Trustees' remuneration and expenses

The Executive Principal has been paid remuneration or has received other benefits from an employment with the Trust. The Executive Principal only received remuneration in respect of services they provide undertaking the role of Executive Principal under their contract of employment, and not in respect of their role as trustee. The value of trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Mrs L C Birch (Executive Principal)	Remuneration	100,000 -	90,000 -
		105,000	95,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000

During the year ended 31 August 2019, expenses totalling £605 were reimbursed or paid directly to 1 Trustee (2018 - £319 to 1 Trustee).

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The premium operates on a per pupil basis, so it's not possible to confirm an exact cost for the Trust (2018 - £1,173). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Intangible assets

	Computer software £
Cost	
At 1 September 2018	20,075
Additions	6,000
	<hr/>
At 31 August 2019	26,075
	<hr/>
Amortisation	
At 1 September 2018	20,075
Charge for the year	6,000
	<hr/>
At 31 August 2019	26,075
	<hr/>
Net book value	
At 31 August 2019	-
	<hr/> <hr/>
<i>At 31 August 2018</i>	-
	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Tangible fixed assets

	Leasehold property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	15,032,634	4,778,317	-	16,038	19,826,989
Additions	17,521,476	-	8,990	70,165	17,600,631
Transfers between classes	4,778,317	(4,778,317)	-	-	-
At 31 August 2019	37,332,427	-	8,990	86,203	37,427,620
Depreciation					
At 1 September 2018	1,067,970	-	-	16,038	1,084,008
Charge for the year	524,812	-	900	70,165	595,877
At 31 August 2019	1,592,782	-	900	86,203	1,679,885
Net book value					
At 31 August 2019	35,739,645	-	8,090	-	35,747,735
At 31 August 2018	13,964,664	4,778,317	-	-	18,742,981

Transactions relating to land and buildings include:

Improvements undertaken by the local authority to the leasehold property at Histon and Impington Junior school of £6,088,244, of which £4,778,317 was classified as assets under construction at 31 August 2018.

The recognition of the Somersham Primary School site for £5,341,549 upon it joining the trust.

The recognition of the Trumpington Park Primary School site at £10,870,000. The trust will enter into a 125 year lease with the local authority for occupation of the site. Although the lease was not signed at 31 August 2019, it had been agreed in principle and signing is considered a formality. In substance the trust has control of the site and therefore the property is recognised in these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	136,138	36,151
Other debtors	99,803	51,129
Prepayments and accrued income	134,653	78,882
	<u>370,594</u>	<u>166,162</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	3,429	3,426
Trade creditors	307,598	121,142
Other taxation and social security	78,270	55,112
Other creditors	81,055	63,213
Accruals and deferred income	255,928	172,343
	<u>726,280</u>	<u>415,236</u>

Deferred income

	2019 £	2018 £
Deferred income at 1 September 2018	111,528	120,349
Resources deferred during the year	186,936	111,528
Amounts released from previous years	(111,528)	(120,349)
Deferred income at 31 August 2019	<u>186,936</u>	<u>111,528</u>

At the balance sheet dates the trust was holding funds received in advance in respect of Universal Infant Free School Meals and rates.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019	2018
	£	£
Other loans	11,739	15,169

Other loans comprise two 0% interest salix loans. One was for a boiler replacement and the other for roof repairs. At 31 August 2019 the total outstanding was £15,165 (2018 - £18,595) of which £3,426 (2018 - £3,426) is included within creditors falling due within one year. One loan is repayable over 7 years, while the other over 5 years.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	310,452	286,834	(144,574)	-	-	452,712
Restricted general funds						
General Annual Grant (GAG)	47,857	5,571,565	(5,351,021)	(58,282)	-	210,119
Revenue surplus on conversion	216,172	-	-	-	-	216,172
Other restricted funds	34,944	17,209	(17,209)	-	-	34,944
Teaching School/ Council representative	136,832	404,340	(428,318)	-	-	112,854
Start up grants	-	57,676	(57,676)	-	-	-
Rates relief	-	53,641	(53,641)	-	-	-
Pension reserve	(1,286,000)	(480,000)	(254,000)	-	(471,000)	(2,491,000)
	<u>(850,195)</u>	<u>5,624,431</u>	<u>(6,161,865)</u>	<u>(58,282)</u>	<u>(471,000)</u>	<u>(1,916,911)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	18,742,985	17,521,476	(601,877)	85,151	-	35,747,735
Other capital income	38,610	76,447	(31,568)	(26,869)	-	56,620
	<u>18,781,595</u>	<u>17,597,923</u>	<u>(633,445)</u>	<u>58,282</u>	<u>-</u>	<u>35,804,355</u>
Total Restricted funds	<u>17,931,400</u>	<u>23,222,354</u>	<u>(6,795,310)</u>	<u>-</u>	<u>(471,000)</u>	<u>33,887,444</u>
Total funds	<u>18,241,852</u>	<u>23,509,188</u>	<u>(6,939,884)</u>	<u>-</u>	<u>(471,000)</u>	<u>34,340,156</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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

The General Annual Grant (GAG), revenue surplus on conversion, start up grant and other restricted general funds are for the operational activities of the academies and teaching school.

The pension reserve fund represents the Trust's defined benefit pension scheme liability.

The restricted fixed asset funds represent the fixed assets held by the Trust and unspent capital funding received to carry out works of a capital nature.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Hatton Park Primary School	77,099	67,574
Histon and Impington Infant School	36,751	79,419
Histon and Impington Junior School	355,293	364,978
Teaching School/Council representative	112,854	136,832
Cambridge Primary Education Trust	115,306	72,908
Trumpington Park Primary School	312,163	24,546
Somersham Primary School	17,335	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,026,801	746,257
Restricted fixed asset fund	35,804,355	18,781,595
Pension reserve	(2,491,000)	(1,286,000)
	<hr/>	<hr/>
Total	34,340,156	18,241,852
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

Total cost analysis

Expenditure incurred during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Hatton Park Primary School	779,361	82,636	40,496	163,598	1,066,091	1,070,192
Histon and Impington Infant School	925,684	116,066	25,205	235,402	1,302,357	1,182,152
Histon and Impington Junior School	986,784	114,920	122,305	190,374	1,414,383	1,470,296
Teaching School/Council representative	93,338	-	-	334,980	428,318	574,633
Cambridge Primary Education Trust	443,188	86,534	29,631	366,000	925,353	703,221
Trumpington Park Primary School	393,631	73,231	20,593	236,560	724,015	511,986
Somersham Primary School	359,089	45,176	17,685	55,540	477,490	-
Trust	3,981,075	518,563	255,915	1,582,454	6,338,007	5,512,480

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General Funds	349,385	149,883	(188,816)	-	-	310,452
Restricted general funds						
General Annual Grant (GAG)	49,299	3,577,470	(3,578,912)	-	-	47,857
Revenue surplus on conversion	216,172	-	-	-	-	216,172
Start up grants	74,164	141,797	(215,961)	-	-	-
Other restricted funds	195,209	571,322	(731,587)	-	-	34,944
Teaching school/Council representative	266,649	444,816	(574,633)	-	-	136,832
Pension reserve	(1,383,000)	-	(185,000)	-	282,000	(1,286,000)
	(581,507)	4,735,405	(5,286,093)	-	282,000	(850,195)
Restricted fixed asset funds						
Restricted fixed asset fund	9,419,234	9,623,733	(316,022)	16,038	-	18,742,983
Other capital income	70,017	22,204	(37,571)	(16,038)	-	38,612
	9,489,251	9,645,937	(353,593)	-	-	18,781,595
Total Restricted funds	8,907,744	14,381,342	(5,639,686)	-	282,000	17,931,400
Total funds	9,257,129	14,531,225	(5,828,502)	-	282,000	18,241,852

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	35,747,735	35,747,735
Current assets	452,712	1,296,940	71,788	1,821,440
Creditors due within one year	-	(722,851)	(3,429)	(726,280)
Creditors due in more than one year	-	-	(11,739)	(11,739)
Provisions for liabilities and charges	-	(2,491,000)	-	(2,491,000)
Total	452,712	(1,916,911)	35,804,355	34,340,156

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	18,742,981	18,742,981
Current assets	722,262	435,805	57,209	1,215,276
Creditors due within one year	(411,810)	-	(3,426)	(415,236)
Creditors due in more than one year	-	-	(15,169)	(15,169)
Provisions for liabilities and charges	-	(1,286,000)	-	(1,286,000)
Total	310,452	(850,195)	18,781,595	18,241,852

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22. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Adjustments for:		
Depreciation charges	601,877	316,024
Capital grants from DfE and other capital income	(76,447)	(22,204)
Defined benefit pension scheme obligation inherited	492,000	-
Defined benefit pension scheme cost less contributions payable	198,000	149,000
Defined benefit pension scheme finance cost	44,000	36,000
(Increase)/decrease in debtors	(204,432)	170,789
Increase in creditors	311,044	33,036
Gifted property	(17,521,476)	(9,623,733)
Net cash provided by/(used in) operating activities	413,870	(238,365)

23. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(3,430)	(3,427)
Net cash used in financing activities	(3,430)	(3,427)

24. Cash flows from investing activities

	2019 £	2018 £
Purchase of intangible assets	(6,000)	-
Purchase of tangible fixed assets	(79,155)	(16,038)
Capital grants from DfE Group	76,447	22,204
Net cash (used in)/provided by investing activities	(8,708)	6,166

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,450,846	1,049,114
Total cash and cash equivalents	1,450,846	1,049,114

26. Conversion to an academy

On 1 April 2019 Somersham Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cambridge Primary Education Trust from Cambridgeshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	5,341,549	5,341,549
Current assets			
Other current assets	15,537	-	15,537
Non-current liabilities			
Defined benefit pension liability	(480,000)	-	(480,000)
Net (liabilities)/assets	(464,463)	5,341,549	4,877,086

The leasehold property is on a 125 year lease with £nil rental. The other current assets transferred included £22,859 of cash.

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27. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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 previous actuarial valuation was carried out as at 31 March 2012 and determined the contributions for the period, which were paid at a rate of 16.48%. This rate has been paid since September 2015.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £361,000 (2018 - £341,000).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £304,000 (2018 - £214,000), of which employer's contributions totalled £244,000 (2018 - £172,000) and employees' contributions totalled £ 60,000 (2018 - £37,000). The agreed contribution rates for future years are 24.8 per cent for employers and variable per cent 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

	2019	2018
	%	%
Rate of increase in salaries	2.6	2.80
Rate of increase for pensions in payment/inflation	2.3	2.70
Discount rate for scheme liabilities	1.8	2.40

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

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27. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.4
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.4	24.0
Females	24.9	26.3

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(109)	(68)
Discount rate -0.1%	109	68
Mortality assumption - 1 year increase	196	121
Mortality assumption - 1 year decrease	(196)	(121)
CPI rate +0.1%	95	57
CPI rate -0.1%	(95)	(57)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,814,000	1,370,000
Corporate bonds	315,000	191,000
Property	266,000	121,000
Cash and other liquid assets	24,000	52,000
Total market value of assets	2,419,000	1,734,000

The actual return on scheme assets was £121,000 (2018 - £137,000).

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27. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(454,000)	(321,000)
Interest income	55,000	38,000
Interest cost	(99,000)	(74,000)
Total amount recognised in the Statement of financial activities	(498,000)	(357,000)

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

	2019 £	2018 £
At 1 September	3,020,000	2,812,000
Conversion to academy	785,000	-
Current service cost	454,000	321,000
Interest cost	99,000	74,000
Employee contributions	60,000	42,000
Actuarial losses/(gains)	525,000	(200,000)
Benefits paid	(33,000)	(29,000)
At 31 August	4,910,000	3,020,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	1,734,000	1,429,000
Conversion to academy	305,000	-
Interest income	55,000	38,000
Actuarial gains	54,000	82,000
Employer contributions	244,000	172,000
Employee contributions	60,000	42,000
Benefits paid	(33,000)	(29,000)
At 31 August	2,419,000	1,734,000

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28. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Trust 2019 £	<i>Trust 2018 £</i>
Within 1 year	4,871	6,175
Between 1 and 5 years	1,604	2,275
	<hr/> 6,475 <hr/>	<hr/> 8,450 <hr/>

29. 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.

30. Related party transactions

Owing to the nature of the Trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Cambridge Meridian Academies Trust (CMAT) is related to the Trust because it has the right under the Trust's articles of association to appoint a trustee of the Trust. CMAT Education Services Limited is the 100% trading subsidiary of CMAT. During the period CMAT and CMAT Education Services Limited provided finance, ICT and other administrative support to the Trust. The total cost for the year was £135,815 (2018 - £96,469). Sales to CMAT and CMAT Education Services Limited from the Trust were £19,186 (2018 - £3,700).

At the financial reporting date, the balance due from CMAT and CMAT Education Services Limited was £3,997 (2018 - £100), and the balance owed to CMAT and CMAT Education Services Limited was £70 (2018 - £1,996).

The Trust also had transactions with various entities in which a common Trustee is shared. During the year, the Trust incurred costs of £185 (2018 - £nil) from Cambridge University. The Trust also received income of £500 (2018 - £nil) from Fenland & East Cambridgeshire Partnership.

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31. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Grant income	379,198		252,600	
Other income				
Other income	222		177,000	
Delegate charges	24,920		15,216	
	<hr/>		<hr/>	
Total other income	25,142		192,216	
Total income		404,340		444,816
Expenditure				
Direct expenditure				
Staff and project delivery costs	427,386		513,363	
Staff development	369		58,154	
	<hr/>		<hr/>	
Total direct expenditure	427,755		571,517	
Other expenditure				
Stationery	-		12	
Advertising	194		2,081	
Room hire & associated costs	369		1,023	
	<hr/>		<hr/>	
Total other expenditure	563		3,116	
Total expenditure		428,318		574,633
Deficit from all sources		(23,978)		(129,817)
Teaching school balances at 1 September 2018		136,832		266,649
		<hr/>		<hr/>
Teaching school balances at 31 August 2019		112,854		136,832
		<hr/> <hr/>		<hr/> <hr/>