

Registered number: 08579939 (England & Wales)

**CONNECTED LEARNING**  
(A company limited by guarantee)

**Annual Report and Financial Statements**

**For the year ended 31 August 2016**

WEDNESDAY



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**CONNECTED LEARNING**  
**(A company limited by guarantee)**

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**Reference and Administrative Details of the Academy, its Trustees and Advisers**  
**For the year ended 31 August 2016**

<b>Members</b>	Philip Barlow Rod Lane Susan Sings (appointed 1 October 2016) Anthony Welch Alison Fiala (resigned 31 August 2016)
<b>Trustees</b>	Susan Sings, Chair (resigned 16 November 2016) <sup>1</sup> Alison Fiala (appointed 1 September 2015, resigned 15 July 2016) Jane Bass <sup>1</sup> Claire Brazier <sup>1</sup> Don Burton <sup>1</sup> Simon Carter Rowland Costin Trecia King (resigned 1 February 2016) Nick Redfern Bruce Tuxford (appointed 11 February 2016) Anthony Welch (resigned 16 November 2016) Phil Barlow (resigned 1 September 2015) Kirsty Brown (resigned 31 December 2015) Rod Lane (resigned 1 September 2015)

<sup>1</sup> Finance Personnel and Audit Committee

<b>Company registered number</b>	08579939
<b>Company name</b>	Connected Learning
<b>Principal and registered office</b>	Powers Hall Academy Spa Road Witham Essex CM8 1NA
<b>Company secretary</b>	Claire Brazier
<b>Senior management team</b>	Jane Bass, Executive Headteacher Kirsty Brown, Powers Hall Academy Headteacher Karen Wallace, Icen Academy Headteacher Louise Venables, Cherry Tree Primary School Headteacher Sarah Stevenson, Templars Academy Headteacher Claire Brazier, Director of Finance and Administration
<b>Independent auditors</b>	Williams Giles Limited Chartered Accountants and Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH

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**Reference and Administrative Details of the Academy, its Trustees and Advisers**  
**For the year ended 31 August 2016**

**Advisers (continued)**

<b>Bankers</b>	Lloyds Bank 77-81 High Street Chelmsford Essex CM8 1DU
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<b>Solicitors</b>	Brait Ltd 67 Lapins Lane Kingshill Kent ME19 4LE
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**Trustees' Report**  
**For the year ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates 4 primary academies in Essex. Its academies have a combined pupil capacity of 1,230 and had a roll of 1,052 in the school census in May 2016.

**Structure, governance and management**

**a. Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Connected Learning Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Connected Learning Ltd.

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

**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. Method of recruitment and appointment or election of Trustees**

Recruitment of Trustees is from members of the local community and the Governing bodies of academies drawing on known areas of expertise appropriate to the needs of the Trust. Trustees are appointed by the Members subject to the Memorandum and Articles of Association and are subject to retirement after four years. They are eligible for re-appointment at the meeting at which they retire. Potential Trustees submit a CV for their approval and are interviewed by Members prior to appointment.

**d. Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new trustees depends upon their existing experience. The training offered is on charity, education, legal and financial matters. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documentation that they will need to undertake their role as trustees. All Trustees sign to confirm that they will uphold the commitments of the Nolan Principles of public service.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**e. Pay policy for key management personnel**

Connected Learning Multi Academy Trust Board of Trustees agreed at its inception to uphold the Teachers' Pay and Conditions. The Lead Head Teacher/CEO has an annual performance management review with the Chair of Trustees, the Chair of the Trust's Audit Finance and Personnel Committee and an external education expert. This group then makes recommendation to the Trust Pay Committee. The Head Teachers of individual academies within the Trust have a performance management review with the Chair of the Trust's Audit, Finance and Personnel Committee, the Chair of the Local Governing Body and an external education expert. This group then makes recommendation to the Trust Pay Committee. The Trust Pay Committee considers these recommendations and also receives and considers the pay proposals for all teachers (anonymised) within the constituent academies to ensure equity of treatment for teaching staff across the Trust. All Trustees are unpaid volunteers.

Progress and Attainment of all children in the MAT is supported by demanding Performance Management requirements

A teacher will be eligible for annual performance pay progression where they:

- 1) have been assessed as meeting all of the teaching standards, throughout the assessment period;
- 2) have had their teaching assessed as at least good overall during the assessment period;
  - a) Upper Pay Range teachers will be expected to demonstrate increasing levels of outstanding teaching overall
  - b) Lead Practitioners will be expected to demonstrate outstanding teaching overall
- 3) have been assessed as meeting the requirements of their job description/job role;
- 4) meet their individual performance management objectives;  
consideration will be given where factors beyond the teacher's control have impacted on their ability to meet objectives;
- 5) have demonstrated a personal responsibility for identifying and meeting their CPD needs.

The **compulsory** evidence which will be considered in assessing performance includes the following:

- a) pupil progress data: (A process of moderation will be undertaken)
- b) quality of teaching against the Teaching Standards, including observed practice:

Observations 3 per year

**Outstanding school** - all 3 good or outstanding

**Good school** - all 3 good

**Requires improvement school** - 2 out of 3 must be good. If an observation requires improvement, the observation will be repeated once.

**Serious weakness school** - 2 out of 3 must be good. If an observation requires improvement, the observation will be repeated once.

Other evidence to be considered will be:

- b) self-assessment;
- c) professional dialogue;
- d) received feedback;
- e) performance management statements;
- f) CPD records.

And in the case of Upper Pay Range teacher and Lead Practitioners, evidence of their contribution beyond their own classroom and their impact on the wider school.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

Where a teacher has been absent for some or all of the assessment period, an assessment will be based on performance during any periods of attendance and/or prior performance and criteria above applied.

SATs results

**f. Organisational structure**

The management structure consists of the Members of the Trust, the Board of Trustees and the Local Governing Bodies of the Academies within the Trust, the Lead Head Teacher and the Managers and Management Teams of the individual Academies within the Trust. The structure is based on devolved responsibility that encourages appropriate decision making at all levels. The Local Governing Bodies, the Audit, Finance & Personnel, and the Pay Committees all report to the Board of Trustees

The Local Governing Bodies are responsible for setting the general policy within the overall Connected Learning Multi Academy Trust policy framework, adopting an annual School Improvement Plan and budget and making operational decisions about the running of the individual academies, capital expenditure within approved limits and staff appointments.

The Senior Managers are the Lead Head Teacher, the Head Teachers of the Academies within the Trust, their Deputies and Senior Leaders and their Finance Managers. These managers control their Academy at an executive level, implementing the policies set out by the Board of Trustees and the Local Governing Bodies and reporting back to them. They are responsible for the authorisation of spending within agreed limits and the appointment of staff. Interview panels for posts within the Management Team always include a Trustee and/or a Governor. Some spending control is devolved to members of the middle management team within approved limits.

**g. Connected organisations, including related party relationships**

The New Essex Teaching School Network based at Powers Hall Academy, which consists of links with a range of other local educational establishments. There are multiple schools within the network as well as the HE provider, Canterbury Christ Church University, the Thames SCITT Consortium and Essex County Council.

**h. Trustees' indemnities**

Trustee and Trust Fund Indemnity Policy from 1st September 2015 to 31st August 2016 provided by Zurich Municipal with an indemnity limit of £5,000,000 and Indemnity Pollution Defence Costs limit of £500,000.

**Objectives and Activities**

**a. Objects and aims**

The principal object and activity of the Trust is to provide education for pupils of differing abilities between the ages of 2 to 19, providing a broad based and balanced curriculum and with an emphasis on literacy and numeracy.

The aims of the MAT are:-

To provide an autonomous school-led school improvement system.

To develop an outstanding leadership team drawn from the constituent parts of the Multi Academy Trust.

By the end of the academic year 2015/2016 to be a community of 5 or 6 academies with a maximum of 3 of those being requires improvement, serious weaknesses or special measures

By the end of the academic year 2017/ 2018 to be a community of a community of 10 or more academies with a maximum of 5 of those being requires improvement, serious weaknesses or special measures

To aim for a ratio of 3 outstanding or good academies to 2 requires improvement, serious weaknesses or special measures academies, but at a minimum to have a ratio of 1:1.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

To adopt sibling schools of those already within the MAT as a priority should they become available.

For each requires improvements, serious weaknesses or special measures academies to have a designated leadership team from the Multi Academy Trust that will have responsibility and accountability for school improvement.

For Connected Learning to continue to work closely and positively with the Local Authority to the benefit of academies and maintained schools in Essex.

For future growth to come from good or outstanding academies becoming partners in the Trust

To ensure continuous attention to the need for effective succession management across the Multi Academy Trust.

To develop the Multi Academy Trust premises to ensure their fitness for purpose.

In return, the Multi Academy Trust will offer to its constituent parts the following:-

- Career pathways, promotion and research opportunities
  - Continuous professional development
  - Staff recruitment and retention
  - Staff mobility
  - Education adviser services
  - Innovative technological links
  - Shared resources providing economies of scale
  - Collaborative procurement
  - Partner status for those academies designated good or outstanding
  - No costs of an executive team, as is the case with other Trusts
  - Continuous review of the Board of Trustees' membership to ensure equity amongst the Trust's academies.
- 
- The Vision is:-
  - Collaborative, meaningful partnerships
  - Outstanding leadership
  - Nurturing Environments where children feel safe and feel to learn
  - Networks, forging links across the communities
  - Equality of opportunities in inclusive schools
  - Culture of continuous professional development for all members, trustees, governors and staff
  - Tolerance and respect for everyone
  - Effective teaching and learning
  - Dedicated professionalism
- 
- Life skills to prepare pupils for the future
  - Every Child Matters
  - Aspirational, active learners, enjoying and achieving
  - Resilience, Reciprocity, Reflectiveness, Resourcefulness, Research
  - Negotiated behaviour improvement, respecting all
  - Interacting with technology
  - Next-steps learning
  - Golden goals, gifts and talents



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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**b. Objectives, strategies and activities**

**The objectives:**

To identify potential leaders and provides the opportunities to develop this potential through collaborative practice and lead improvement.

To ensures that all teachers/leaders are given a structured and rigorous programme of development that ensures they become robust and skilled teachers/leaders, able to deliver excellence.

**The strategies:**

To offer an appropriate and relevant curriculum matched to the individual needs and capabilities of the pupils

To provide a high quality learning and teaching of that curriculum that is challenging, engaging and, exciting

To raise the aspirations and expectations of all our pupils

To recruit and retain high quality, skilled and trained staff

To retain the judgement of outstanding by OFSTED where it exists

To strive to ensure that all schools within the MAT achieve at least a judgement of good by OFSTED

**The activities:**

To provide a range of curriculum materials, applications, on-line information and knowledge as routine components of the education process

To be a dynamic learning community where teachers are facilitators of learning

To encourage pupils to take responsibility for their own learning and support their peers, using a wide range of available resources

To assist pupils in acquiring knowledge, skills and attitudes that will be essential to them for their future development

To help develop pupils to become regular, competent and discriminating users of technology

To provide high quality CPD for staff at all levels including opportunities to gain further and higher education qualifications

To ensure that performance management meets the needs of the organisation and the individual in an open and transparent manner

To work within the terms of the Teachers' Pay and Conditions document

To ensure that staff are employing a wide and innovative range of teaching and learning strategies, creating a learning environment that addresses the needs and aspirations of all the pupils

To provide staff with up to date and appropriate resources

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**c. Public benefit**

Each School is encouraged to retain its individuality and therefore there is a wide range of different relationship that have developed. This year the following links with local organisations and charities have been supported:-

Staff from the MAT work with other schools in Essex in support of the Local Education Authority's objective to get all schools in Essex to at least an OFSTED judgement of good

**Powers Hall Academy**

Provides a forum for parents to meet with the local Housing Association to discuss their problems  
is the lead School in the local MP's initiative to "Get Witham Reading", hosting a major annual event involving pupils and staff from Schools across the locality

hosts the Valley Church monthly prayer meeting.

**Charities Supported Academic Year 2015-16**

Children with Cancer  
Comic Relief  
WaterAid  
BBC Children in Need  
CLIC Sargent  
Macmillan Cancer  
PARC Braintree

**Templars**

**Assemblies have been given by the following:-**

Christian Youth Outreach and United Reform Churches  
NSPCC – "Speak Out Stay Safe" programme making children aware of how they can stay safe.  
Witham Library – Summer Reading Challenge

**The school visits the following:-**

New Rickstones Church – we visit each year  
St Nicolas Church – we visit occasionally (have not visited this year)

**Charities Supported Academic Year 2015-2016**

Children in Need  
Text Santa (Macmillan Cancer, Save the Children and the Make a Wish Foundation) Children with Cancer  
Cancer Research – Race for Life

**Cherry Tree**

Berechurch Local Association holds meetings at the school.

**Charities Supported Academic Year 2015 - 2016:-**

Sports Relief  
Colchester Food Bank Poppy Appeal  
Adult Learning Centre  
Speedwatch

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**Iceni**

**Organisation Links:-**

The school has affiliations with Father Nicholas at All Saints Church, Colchester Garrison, three local Rotary clubs and Stanway Lodge, a home for the elderly.

Our "Military Kids Clubs" for service children has been involved in fundraising activities for school trips and support the garrison in parades for example on Remembrance day and Armed Forces day.

The Rotakids club ( Rotary for 7-14 year olds) visits Stanway Lodge every week

Our Choir takes part in fundraising with the Essex Police Choir each Christmas.

We work closely with our local MP and have helped publicise his fundraising and charity events relating to schools.

The school has begun a partnership with "Include Suffolk", a school for pupils permanently excluded from mainstream education.

The school welcomes volunteer students from the University of Essex to enhance provision and allow the students to accumulate credits towards their degrees. It annually hosts a year 3 science graduate thinking about going into teaching for their school based module and University students who are interested in going into teacher training visit weekly to work with teachers and pupils.

The school works in partnership with "Signals" a government funded multi- media project and also works with the Children's University to promote participation in clubs for pupils. We are supported by Needfas ( North East Essex Decorative and Fine Arts Society) and Roman River Music a funded group who promote classical music in primary schools.

**Charities Supported Academic Year 2015 - 2016:-**

Purple Pinkie (End Polio Now, Rotary International)

Red white and blue Forces Charity

Air Ambulance

Colchester Foodbank

St Helena's Hospice

Rays of Sunshine

Race for Life

Children in Need

Poppy Day

Sports Relief

**Achievements and performance**

**a. Key financial performance indicators**

Most of the Academy's income is obtained from the DFE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DFE during the year ended August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31st August 2016 total expenditure of £4,393,289 was entirely covered by recurrent grant funding from the DFE together with other incoming resources. The excess of income over expenditure for the year (excluding fixed asset funds and pension costs) was £288,293.

At 31st August the net book value of fixed assets was £7,827,468 and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the Academy.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with the provisions of FRS102.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**b. Review of activities**

**2016 SATs results**

For Iceni, Powers Hall and Cherry Tree the KS2 results were very disappointing and it will be very important to look at the areas of the subjects where pupils were unsuccessful. Of course this year's results were always going to be somewhat unpredictable as it was the first year of the new curriculum and scoring systems.

	Cherry Tree	Iceni	Powers Hall	Templars	Essex	England
<b>EYFS GLD</b>	<b>69%</b>			<b>65%*</b>	<b>72%**</b>	<b>69%**</b>
<b>Exceeding</b>				<b>0%</b>		
<b>Key Stage 1</b>						
<b>Reading</b>	<b>79%</b>			<b>67%*,</b>	<b>77%**</b>	<b>74%**</b>
<b>Writing</b>	<b>64%</b>			<b>29%,*</b>	<b>68%**</b>	<b>65.5%**</b>
<b>Maths</b>	<b>79%</b>			<b>67%*</b>	<b>75%**</b>	<b>73%**</b>
<b>RWP</b>	<b>64%</b>				<b>63%**</b>	<b>60%**</b>
<b>Phonics Yr 1</b>	<b>72%</b>			<b>72%</b>		
<b>Key Stage 2</b>						
<b>Reading Test</b>	<b>41%</b>	<b>45%</b>	<b>75% [81% on review]</b>	<b>67%</b>	<b>66.8%</b>	<b>66%</b>
<b>Reading TA</b>		<b>79%</b>	<b>94%</b>	<b>81%</b>		
<b>Writing ARE</b>	<b>58%</b>	<b>45.5%</b>	<b>89%</b>	<b>74%*</b>	<b>76.%</b>	<b>74%</b>
<b>GDS</b>			<b>31%</b>	<b>8%</b>		
<b>Maths Test</b>	<b>55%</b>	<b>61%</b>	<b>72%</b>	<b>71%</b>	<b>71%</b>	<b>70%</b>
<b>Maths TA</b>		<b>79%</b>	<b>94%</b>	<b>83%</b>		
<b>RWM</b>	<b>41%</b>	<b>48%</b>	<b>64% [66% on review]</b>	<b>54%</b>	<b>55.6%</b>	<b>53%</b>
<b>GaPS Test</b>	<b>55%</b>		<b>78% [81% on review]</b>	<b>73%</b>		
<b>GaPS TA</b>			<b>94%</b>			

\* = externally moderated

\*\* = provisional data

Progress data for the four schools was as follows:-

**Powers Hall-**

**Progress measures: KS1 to KS2**

Reading progress score (confidence interval in brackets)	3.1 (1.6 to 4.6)
Writing progress score (confidence interval in brackets)	5.8 (4.2 to 7.4)
Maths progress score (confidence interval in brackets)	1.5 (0.2 to 2.8)

These figures were amongst the best 20 schools' in the area covered by the Regional Commissioner (Essex, Suffolk, Norfolk, Cambridge and North East London) who has asked the Lead head Teacher to work across other schools to support progress elsewhere.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**Iceni**

**Progress measures: KS1 to KS2**

Reading -1.6

Writing +1.9

Maths -1.3

**Cherry Tree**

**Progress measures: KS1 to KS2**

Reading -0.03                      0.3 (-2.8 to 3.4)

Writing + 2.8                      3.0 (0 to 6.0)

Maths - 0.69                      0.2(-2.3to2.7)

This school was in the bottom 25% of schools for the progress in reading; close to average/middle in Maths and in writing in the top 25%.

**Templars**

**Progress measures: KS1 to KS2**

Reading progress score (confidence interval in brackets)                      -0.6 (-2.3 to 1.1)

Writing progress score (confidence interval in brackets)                      -0.8 (-2.5 to 0.9)

Maths progress score (confidence interval in brackets)                      -1.0 (-2.4 to 0.4)

**Comments**

Reading progress better than writing progress better than maths progress. (links to level 1s and 3s)

AMA pupils have performed poorly due to the number not exceeding ARE in all 3 subjects.

AMA maths pupils performed especially poorly across the subjects.

SEN pupils performed as well as non SEN pupils and outperformed in writing and maths.

FSM pupils performed better than non FSM pupils in reading and maths

prior attainment group 1 better than 2 better than 3.

girls outperformed boys in reading and writing

boys outperformed girls in maths

It has been a very interesting and informative first year of a Multi Academy Trust with three schools and the conversion of a fourth in June 2016. All schools have had successes this year and perhaps the most satisfying is the staff development that has taken place and the work across the schools in many areas.

All four schools have had external reviews this year:

- Iceni: Tailored review December 2015
- Templars: Ofsted November 2015, LA Review February 2016, LA Review June 2016
- Cherry Tree: LA Review June 2016
- Powers Hall Academy: Informal Review July 2016

These reviews have given excellent next steps for school improvement, which has been carefully planned for 2016-2017, to ensure consistency of monitoring and evaluation across the schools. It is also the intention of the Trust to have each school externally moderated at some point during the next academic year.

**Quality of Teaching and Learning across the Trust**

These judgments are taken from the reviews that have been held in the schools. They are as the school is at present.

**Cherry Tree**

Teaching in KS2 is very variable ranging between below RI to Good. KS1 is stronger. 71% Good or better 28.5% RI

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**Trustees' Report (continued)**  
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**Iceni**

The majority of teaching is good with some outstanding.

**Powers Hall**

100% of teaching ranges between just good to outstanding.

**Templars**

Key Stage 2 10 teachers: Good 90%: I/RI 10%

Key Stage 1 9 teachers Good 45%: RI/Good 22%: RI: 33%

Across the MAT the majority of teaching is on track to be good by the end of the academic year. Where there is weak teaching individual programmes are in place and these will be followed by capability processes if necessary.

The Board acknowledges that the schools are all at different levels of achievement, which was expected, and action plans are in place for next year to address the issues raised. Learning in all four schools will be a priority for monitoring and evaluation in 2016-2017.

**Work across the MAT**

Throughout the year there has been a significant amount of collaborative work across the schools.

- Partnership work between Iceni and Cherry Tree. HT of Iceni has supported HT of CT in many aspects of school improvement. Teachers from Iceni have also worked with CT teachers.
- SLE has worked at all four schools throughout the year supporting leadership, implementing programmes and coaching and mentoring teachers.
- Teachers from Cherry Tree, Iceni and Powers Hall were involved in the coaching programme at Templars.
- HOS of Templars used her moderation training to support the other schools.
- PHA Deputy Head has supported the schools delivering safeguarding and prevent training in three schools and effective use of LSAs.
- Outstanding PHA teacher has worked with NQTs from PHA and Templars following on from her OTP training.
- Creative Links Lead at PHA supported the Lead at Templars to establish the Creative Links Curriculum.
- Regular support from Claire with Finance and Personnel issues across all four schools
- CT teacher supported PHA with ICT
- HT of Iceni delivered Safeguarding training to all staff at Templars

**Development of staff**

- One teacher was seconded to Cherry Tree in September. Appointed Deputy Head April 2016
- One teacher was seconded to Iceni in September. Appointed Deputy Head June 2016
- Literacy lead at Iceni, became an SLE.
- Literacy Lead and Maths Lead at Templars became SLEs.
- Three teachers from the MAT attended OTP programme
- One teacher at Powers Hall Academy became an Accredited SENCo
- Deputy Head at Powers Hall academy gained her MA
- HOS attended moderation training and moderated local schools.
- All HTs attended SE+ training

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**Trustees' Report (continued)**  
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**c. Investment policy and performance**

Investments must be made only in accordance with written procedures approved by the Local Governing Body/Board of Trustees and clearly held in the academy's name. Aspects to consider include:

- a) objectives
- b) risk
- c) type of investment and term
- d) academy's financial position
- e) financial limit for type of investment
- f) spreading investments between providers to ensure savings are covered by the Financial Services Authority
- g) security of access
- h) rate of return
- i) charges
- j) business interests of Governors and academy staff
- k) ethical, social and environmental considerations
- l) review including review of performance

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

No formal investments are currently held, however, we do have a cash surplus which is monitored by the MAT, much of which is earmarked for specific projects for the following year.

**Financial review**

**a. Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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.

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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**b. Principal risks and uncertainties**

Government Funding and Financial – The Trust is essentially reliant on the continued Government funding from the EFA/DFE and there is no assurance that the Government policy or practice will remain the same or that funding will remain at the same levels. Of particular concern currently is identifying those pupils entitled to Free School Meals once parents of Infant School children have no need to apply to this as all Infant School children are entitled to Free School meals from Sept 2014.

The demand for the Outreach Work.

Staffing – the ability to retain, recruit and train quality staff and managers and succession planning with an aging workforce.

Governance and Management – a potential failure to effectively manage the Trusts finances, controls and education and operational performance.

Safeguarding and Child Protection – the need to continue to ensure high standards of selection and monitoring of staff, the operation of child protection policies, health and safety and discipline.

Payroll Provision – Reliance on external payroll provider to accurately calculate employee pensions contributions, tax, National Insurance; all factors that are outside the Academies ability to check.

Future Plans – are to increase the numbers of Academies within the MAT in a controlled manner to ensure we retain the benefits of the economies of scale as against over expansion. There is the potential for other schools to join the MAT with the support of the Local Education Authority.

**c. Reserves policy**

Trustees review the reserve levels of each academy at each Finance and Personnel Committee meeting. The annual budget setting process examines the income and expenditure streams, the need to match income with commitments and the nature of any potential reserves. The policy is to retain sufficient to ensure the integrity of next year's budget and thereafter to ensure surplus funds are used to the benefit of existing pupils. The Financial Regulations require that if a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need. It is important that, if the trust has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils. The financial surplus for 2015-2016 is primarily earmarked for essential expenditure in 2016-2017, any surplus over and above that will be used for the benefit of the children e.g. resources, specialist teachers etc.

**d. Principal funding**

Principle sources of funding – DFE, and Outreach Support income.

Financial Management Policies – MAT Financial Regulations, School level Financial Regulations,  
See above for Reserves and Investment Policies.



**CONNECTED LEARNING**  
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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**e. Material investments policy**

Investments must be made only in accordance with written procedures approved by the Local Governing Body/Board of Trustees and clearly held in the academy's name.

Aspects to consider include:

- Objectives
- Risk
- Type of investment and term
- Academy's financial position
- Financial limit for type of investment
- Spreading investments between providers to ensure savings are covered by the Financial Services
- Authority
- Security of access
- Rate of return
- Charges
- Business interests of Governors and academy staff
- Ethical, social and environmental considerations
- Review including review of performance

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

No formal investments are currently held, however, we do have a cash surplus which is monitored by the MAT, much of which is earmarked for specific projects for the following year.

**Plans for future periods**

**a. Future developments**

- To increase the number of Academies in the Multi Academy Trust in line with the stated strategy above.
- To offer an appropriate and relevant curriculum matched to the individual needs and capabilities of the pupils
- To provide a high quality learning and teaching of that curriculum that is challenging, engaging and, exciting
- To raise the aspirations and expectations of all our pupils
- To recruit and retain high quality, skilled and trained staff
- To retain the judgement of outstanding by OFSTED where it exists
- To strive to ensure that all schools within the MAT achieve at least a judgement of good by OFSTED

**Employee involvement and employment of the disabled**

At a MAT level the lead Head teacher/CEO has held regular meetings with the Heads of Schools within the MAT to keep them abreast of plans, processes and procedures. The Business Managers meet on a regular basis.

At a School level, all policies due for renewal or approval that affect staff directly or indirectly are displayed on notice boards and staff are invited to comment upon same. Regular staff meetings are held to update staff on forthcoming matters that may affect them. Policies are available for staff upon request from within school offices.

In accordance with the academy's Equal opportunities policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff. These policies are to be found in the following:-

Recruitment Policy  
Employment of Disabled Persons Policy  
Performance Management Policy

**CONNECTED LEARNING**  
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**Trustees' Report (continued)**  
**For the year ended 31 August 2016**

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has 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.

**Auditors**

The auditors, Williams Giles Limited, have indicated their willingness to continue in office. The Audit Committee recommended to the Board of Trustees that William Giles Ltd be reappointed as auditors for the year 1 September 2015 to 31 August 2016 and this was agreed by the Board at its meeting on 20 December 2016

This report was approved by order of the board of trustees as the company directors, on 20 December and signed on its behalf by:



**Rowland Costin**  
**Chair of Trustees**

**CONNECTED LEARNING**  
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**Governance Statement**

**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Principal/Chief Executive, 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 Connected Learning Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 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
Susan Sings	4	4
Jane Bass	4	4
Rowland Costin	2	4
Simon Carter	4	4
Nick Redfern	4	4
Anthony Welch	2	3
Claire Brazier	3	4
Alison Fiala	0	3
Bruce Tuxford	3	3
Trenica King	0	2
Don Burton	4	4

Trenica King, Alison Fiala and Anthony Welch have, at different times, resigned from the Board. Bruce Tuxford joined at the start of 2016. Ideally we would like to appoint one additional Trustee with a formal accountancy background although several Trustees have a solid knowledge of financial management.

**Governance reviews:**

The Board of Trustees undertook the NGA 21 Questions for Multi Academy Trusts review. At its initial meeting it developed the following action plan.

**CONNECTED LEARNING**  
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**Governance Statement (continued)**

Outstanding question	Proposed action	By whom	By deadline
4 Is the structure of the Trust conducive to effective working, avoiding duplication at different levels and delivering good two-way communication?	Plans in place	Bof T deciding on clear reporting to avoid overload of documentation Regular meetings between Exec Head and Heads of schools Bursars working together Increased use of Clerk to Trustees	End of academic year.
6a.1 Has the Trust determined each individual academy's vision, ethos and strategic direction?	Schools to be asked to provide this if not on website.	Chair of Board of Trustees	Next BoT meeting
6a.6 Has an assessment of risk been undertaken for each individual academy?	Once each school has undertaken their individual risk assessment there will be a process of amalgamation to develop a Trust level of risk	School Local Governing Bodies: Working Party of Audit, Finance and Personnel Committee: Board of Trustees.	End of academic year.
7 Has the Trust transparent processes for recruitment to the Board and to Local Governing Bodies including role specifications, skills audit and interview processes?	Review of LGB's process for recruitment: Skills audit of current Board members Development of role specifications for Trustees. Recourse to Academy Ambassadors to fill Trust vacancies	Chair of Board of Trustees to take to Audit Finance and Personnel Committee and thence to Board for approval	End of academic year.
10 Annual Trustees' performance management?	Nothing – not appropriate for volunteers.		
16 How well does the Trust Board understand performance data and know that pupils are making the best progress they can?	Regular reports from Lead Head Teacher: Setting up of a Working Party of Trustees to meet with Lead Head Teacher at each term end for scrutiny of data	Head Teacher: Board of Trustees.	Regular reports already occur: Working Group to be set up at next Bof T meeting
17 What mechanisms are used to ensure a strong and effective exec. Leadership structure and personnel?	Development of a Draft Structure Plan: Development of role specifications for Exec Head, SEAs, Head Teachers, Finance Officer.	Bruce Tuxford to take to Audit, Finance and Personnel committee and thence to Board of Trustees for approval.	End of academic year.

The Board of Trustees considered a range of options for a skills audit of its members. No one option quite met

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**Governance Statement (continued)**

its requirements and work is underway to tailor make an audit that would meet our needs. All other actions were deemed complete at the meeting of 15<sup>th</sup> July 2016.

The **Audit, Finance and Personnel Committee** is a sub-committee of the main board of trustees. Its purpose is

**Audit Responsibilities**

- To determine whether the performance of the external audit is satisfactory and effective and meets the requirements of the Trust
- To recommend to the Board of Trustees the retention or replacement of the external auditor and, if the Committee recommends replacement, evaluate candidates for the appointment
- To review all issues related to any change of external auditor and the planned steps for an orderly transition:
- To review the terms of the external auditor's engagement, and the appropriateness and reasonableness of the proposed audit fees
- To review the audit plan with the external auditor and management; determine whether the management has provided full and open disclosure to the auditor's enquiries
- To review problems experienced by the external auditor in performing the audit, including any restriction imposed by management and all significant accounting issues on which there was a disagreement with management, and review the post-audit or management letters containing the recommendation of the external auditor and reviewing management's response and subsequent follow-up to all identified weaknesses
- To meet with the external auditors in private at least once a year to ensure that there are no unresolved issues of concern and that full co-operation has been received
- To draw to the attention of the Board of Trustees all financial matters of which the Committee has knowledge and which may materially affect the current or future position of the Trust
- To develop, maintain and review the systems in place to identify and monitor major business risks; the Chairman will report to the Board of Trustees as appropriate on the areas of major business risk
- To verify the establishment of policies and procedures for monitoring compliance with applicable laws and with the Trust's policies as to authorisation of expenditures, leases and contracts and otherwise, and ascertain their adequacy and levels of compliance
- To endeavour to identify to the Board of Trustees matters that expose Members/Trustees to claims for which Members/Trustees could be held personally liable
- To ascertain whether any Conflict of Interest guidelines are strictly complied with, and ensure that Members/Trustees and Senior Management of schools within the Trust have submitted an annual return to confirm whether or not they have had any related party transactions with the Trust during the previous year
- To review the processes of governance to enable the Trust to implement best practice as set out in the appropriate guidance. This will include a comprehensive review of governance once every three years, the results of which are to be discussed at the following meeting of the Board of Trustees. The Audit, finance and Personnel Committee Chairman may conduct the review himself or delegate responsibility to another Director. The next review will be due early in 2016.
- To review and recommend changes to its Terms of Reference, following completion of each annual audit.

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**Governance Statement (continued)**

**Finance Responsibilities**

- To consider the financial aspects of particular matters specifically referred to the Committee
- To consider the Trust's indicative budget, notified annually by the Education funding Agency and to assess the implications for the Trust in consultation with the Lead Head Teacher, in advance of the year involved, drawing any matters of significance or concern to the attention of the appropriate Governing Body
- To consider and recommend acceptance or non acceptance of the Trust's budget at the start of each financial year.
- To contribute to the formulation of the Trust's Improvement plan through the consideration of financial priorities and proposals, in consultation with the Lead Head Teacher, with the stated and agreed aims and objectives of the Multi Academy Trust.
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency funds or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- To agree limits of delegation and virement. To liaise with and receive reports from committees as appropriate and to make recommendations to those committees about the financial aspects of matters being considered by them.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Trust, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the board of Trustees.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures on a regular basis, including the implementation of bank account arrangements and, where appropriate, to make recommendations for improvements where necessary.
- To prepare the Trustees' report to form part of the statutory accounts of the Trust and for filing in accordance with Companies' Act requirements.

**Personnel Responsibilities**

- To ensure there are effective policies and procedures in place for the safe recruitment of all staff and volunteers and for the engagement of other adults in accordance with DfE guidance and legal requirements
- To monitor compliance with those policies and procedure.
- To ensure that recruitment of staff is undertaken in accordance with the processes laid out in the Recruitment Policy of the Connected Learning MAT
- To monitor performance management with delegated powers being passed to the Lead Headteacher/Head teacher.
- To consider applications for early retirement, secondments or leave of absence
- To authorise and monitor expenditure with the staffing budgets with delegated powers for day-to-day matters being passed to the Headteacher.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Simon Carter	3	4
Susan Sings	4	4
Don Burton	3	4
Nick Redfern	2	4
Bruce Tuxford	3	3

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**Governance Statement (continued)**

The Audit, Finance and Personnel Committee Chair and the Board of Trustees Chair undertook the Deloitte Audit Committee Performance Evaluation Self Assessment Check at the end of the academic year. It identified that it did not have a nominations committee, a member with formal accountancy qualifications or an induction process for new audit committee members, although all members currently had relevant financial management experience. Efforts will be made to find a Trustee with formal accountancy qualifications through the next academic year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Philip Barlow	0	0
Jane Bass	0	0
Claire Brazier	0	0
Simon Carter	0	0
Susan Sings	0	0

**Review of Value for money**

As Accounting Officer, the Principal/Chief Executive has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- negotiating to replace the internal auditors in 2016/17 to SBM Services who provided better value for money and also a service that better meets the need of our Trust.
- replacing our Contracts Consultants with Archers Building Consultancy Ltd. which offers a more cost effective and efficient service than that of our previous contracts consultants.
- Negotiating a discount on the insurances on the cost of insurances for the schools within the Trust through Essex county Council.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Connected Learning Multi Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

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**Governance Statement (continued)**

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Audit, Finance and Personnel 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 Essex County Council as internal auditor for 2015/16 (this will change for 2016/17)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In particular the checks carried out in the current period included:

**Governance and Financial Management**

- board of trustees review and approval of the written Scheme of Delegation of Financial Powers supported by a minute of a board / governing body meeting
- specimen signatory list
- board of trustees review of the Terms of Reference for the Finance Committee and any other committee with financial responsibility, supported by a minute of a board / governing body meeting
- board of trustees approval of the academy's budget, supported by a minute of a board / governing body meeting
- forward financial plan
- a list of current members and trustees / governors relevant to the academy
- Register of Interests
- minutes confirming the opportunity to declare business interests for ALL board / governing body committee meetings
- Gifts and Hospitality Policy and Registers of Gifts and Hospitality, both received and given
- Register of Operating Risks
- evidence of formal appointment by the board of trustees of EESforschools.org to review the academy's internal controls and financial procedures
- 2013/14 or 2014/15 (the latest) published audited accounts
- most recent statutory auditor's Management Letter

**Governance & Financial Reporting**

- reconciliation of the 2015/16 budget approved by governors to the budget entered / 'fixed' on the academy's financial accounting system
- authorisation to support 'in year' amendments to the budget approved by governors (virements)
- financial reporting to governors
- cash flow forecast
- reconciliation of all balance sheet control accounts
- process for monitoring overdue debts and authorisation for the write off of any bad debts
- 2014/15 published audited accounts
- most recent statutory auditor's Management Letter
- reconciliation of the 2015/16 budget approved by governors to the budget entered / 'fixed' on the academy's financial accounting system
- authorisation to support 'in year' amendments to the budget approved by governors (virements)
- financial reporting to governors



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**Governance Statement (continued)**

- cash flow forecast reconciliation of all balance sheet control accounts process for monitoring overdue debts and authorisation for the write off of any bad debts
- 2014/15 published audited accounts
- most recent statutory auditor's Management Letter
- authorisation for the write off of any bad debts
- 2014/15 statutory audit Management Letter

**Banking**

- list of bank and building society accounts held by the academy
- board/governing body approval for any change made to the bank account structure
- current bank mandates containing authorised signatories and limits of authority
- cheque books and cheque book security
- cheque approval process
- process for creating and amending supplier bank details for payments made by BACS
- BACS approval process
- bank statements and bank paying in books
- bank statement reconciliations including unreconciled transactions

**Income**

- procedures and documentation for monitoring and controlling non-devolved funding income
- letting charge rate policy
- review of segregation of duties within the income collection process

**Expenditure**

- scheme of financial delegation for approval of expenditure
- purchase / credit card procedures
- petty cash limits and approval process
- evidence of applying authorisation limits as specified in the academy's financial regulations
- quotations policy and documentation to evidence application of policy
- review of annual contracts
- tender process policy and documentation to evidence application of policy
- payments to individuals – adherence to HMRC requirements i.e. completed HMRC ESI (Employment Status Indicator) Tool
- payments to connected parties

*Note: A sample of payments made will be undertaken.*

**Payroll**

- authorisation procedures and documentation for making changes to staff pay and conditions e.g. starters, leavers and amendments
- evidence of segregation of duties in the above process
- most recent payroll reports
- personnel files
- details of any special payments made such as special staff severance payments, compensation payments & ex-gratia payments and evidence of approval (EFA if appropriate)
- evidence of independent review of monthly payroll reports
- most recent payroll reports
- mileage, travel and subsistence claims
- staff personnel/contract files
- A sample check of employee contract pay to actual pay will be undertaken.

**The Board of Trustees were satisfied that the internal auditors delivered their schedule of work as planned. Two Trustees evaluated the outcomes across the three schools and prepared the following report**

- 1) On behalf of the above Committee Sue Sings and Bruce Tuxford examined the ICE Reports submitted to the Committee to satisfy themselves that issues raised within the reports had been or were being dealt with effectively.
- 2) We were both very impressed with the minimal issues raised in these reports. This showed to us that the three academies for which ICE Reports were available were adhering to the processes and procedures competently and effectively.
- 3) There were no "red" issues identified in any of the reports.
- 4) All three academies had the standard point raised about the need to raise orders before purchasing

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**Governance Statement (continued)**

goods or services. All academies do this wherever possible but there are occasions when this is just not practicable and the Trust accepts that this will be a perennial problem that all academies do their best to minimise.

- 5) Cherry Tree needed to obtain a signed contract for their payroll provider. *(Cherry Tree requested this but was informed that the LA does not provide a contract for payroll. The Business Manager has raised this with the ICE team, also part of the LA).*
- 6) Cherry Tree needed to obtain an appropriate HMRC Dispensation to allow certain payments to be made to employees without deduction of tax and National Insurance. *(This is now in place)*
- 7) Iceni needed to obtain a signed contract for their payroll provider. *(Again, as the LA does not provide contracts for payroll this cannot be obtained.)*
- 8) Iceni needed to obtain an appropriate HMRC Dispensation to allow certain payments to be made to employees without deduction of tax and National Insurance.
- 9) Iceni needed to put in place secure processes for use of the academy credit card. *(This has now been resolved by the Chair of Governors signing off the credit card bill.)*
- 10) Powers Hall needed to regularly review the asset register and link it to the inventory. *(This was work in progress.)*
- 11) Risk registers were now in place for three of the academies in the MAT. One would be developed for Templars in due course (they have only been a member of the MAT since 1st June 2016).

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit, Finance and Personnel 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 20 December and signed on their behalf, by:



**Rowland Costin**  
**Chair of Trustees**



**Jane Bass**  
**Accounting Officer**

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**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Connected Learning I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



**Jane Bass**  
**Accounting Officer**

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**Statement of Trustees' Responsibilities**  
**For the year ended 31 August 2016**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on ~~20 December~~ and signed on its behalf by:

2016



**Rowland Costin**  
**Chair of Trustees**

**CONNECTED LEARNING**  
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**Independent Auditors' Report on the Financial Statements to the Members of Connected Learning**

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

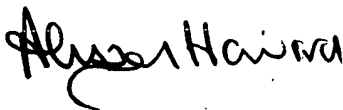
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**Independent Auditors' Report on the Financial Statements to the Members of Connected Learning**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

**Williams Giles Limited**

Chartered Accountants and Registered Auditors

12 Conqueror Court

Sittingbourne

Kent

ME10 5BH

Date: **22 December 2016**

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**(A company limited by guarantee)**

**Independent Reporting Auditors' Assurance Report on Regularity to Connected Learning and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 21 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Connected Learning during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Connected Learning's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Connected Learning's funding agreement with the Secretary of State for Education dated 28 June 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Independent Reporting Auditors' Assurance Report on Regularity to Connected Learning and the  
Education Funding Agency (continued)**

**Conclusion**

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

*Williams Giles*

**Williams Giles Limited**  
Chartered Accountants and Registered Auditors  
12 Conqueror Court  
Sittingbourne  
Kent  
ME10 5BH

Date: *22 December 2016*



**CONNECTED LEARNING**  
(A company limited by guarantee)

**Statement of Financial Activities Incorporating Income and Expenditure Account**  
**For the year ended 31 August 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>Income from:</b>						
Donations and capital grants	2	339,761	(1,308,000)	6,812,879	5,844,640	19,656
Charitable activities	3	-	3,854,053	-	3,854,053	1,515,699
Other trading activities	4	32,893	331,066	-	363,959	282,897
Investments	5	879	-	-	879	347
<b>Total income</b>		<b>373,533</b>	<b>2,877,119</b>	<b>6,812,879</b>	<b>10,063,531</b>	<b>1,818,599</b>
<b>Expenditure on:</b>						
Raising funds	6	4,674	85,674	-	90,348	82,554
Charitable activities		2,397	4,300,544	245,561	4,548,502	1,715,804
<b>Total expenditure</b>	9	<b>7,071</b>	<b>4,386,218</b>	<b>245,561</b>	<b>4,638,850</b>	<b>1,798,358</b>
<b>Net income / (expenditure) before transfers</b>		<b>366,462</b>	<b>(1,509,099)</b>	<b>6,567,318</b>	<b>5,424,681</b>	<b>20,241</b>
Transfers between Funds	22	-	1,930	(1,930)	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>366,462</b>	<b>(1,507,169)</b>	<b>6,565,388</b>	<b>5,424,681</b>	<b>20,241</b>
Actuarial gains/(losses) on defined benefit pension schemes	28	-	(1,090,000)	-	(1,090,000)	16,000
<b>Net movement in funds</b>		<b>366,462</b>	<b>(2,597,169)</b>	<b>6,565,388</b>	<b>4,334,681</b>	<b>36,241</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		118,196	(279,048)	1,872,371	1,711,519	1,675,278
<b>Total funds carried forward</b>		<b>484,658</b>	<b>(2,876,217)</b>	<b>8,437,759</b>	<b>6,046,200</b>	<b>1,711,519</b>

**CONNECTED LEARNING**  
(A company limited by guarantee)  
Registered number: 08579939

**Balance Sheet**  
**As at 31 August 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	18	7,827,468	1,869,371
<b>Current assets</b>			
Stocks	19	7,421	1,118
Debtors	20	174,405	60,651
Cash at bank and in hand		1,421,379	296,260
		<u>1,603,205</u>	<u>358,029</u>
<b>Creditors: amounts falling due within one year</b>	21	<u>(406,473)</u>	<u>(58,881)</u>
<b>Net current assets</b>		<u>1,196,732</u>	<u>299,148</u>
<b>Total assets less current liabilities</b>		<u>9,024,200</u>	<u>2,168,519</u>
Defined benefit pension scheme liability	28	<u>(2,978,000)</u>	<u>(457,000)</u>
<b>Net assets including pension scheme liabilities</b>		<u><u>6,046,200</u></u>	<u><u>1,711,519</u></u>
<b>Funds of the academy</b>			
Restricted income funds:			
Restricted income funds	22	101,783	177,952
Restricted fixed asset funds	22	8,437,759	1,872,371
Restricted income funds excluding pension liability		8,539,542	2,050,323
Pension reserve		<u>(2,978,000)</u>	<u>(457,000)</u>
Total restricted income funds		<u>5,561,542</u>	<u>1,593,323</u>
Unrestricted income funds	22	<u>484,658</u>	<u>118,196</u>
<b>Total funds</b>		<u><u>6,046,200</u></u>	<u><u>1,711,519</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 30 December 2016 and are signed on their behalf, by:



**Rowland Costin**  
Chair of Trustees

The notes on pages 34 to 56 form part of these financial statements.

**CONNECTED LEARNING**  
(A company limited by guarantee)

**Statement of Cash Flows**  
**For the year ended 31 August 2016**

	Note	2016 £	As restated 2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	24	515,019	109,654
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		879	347
Purchase of tangible fixed assets		(430,206)	(10,249)
Capital grants from DfE/EFA		1,039,427	12,591
<b>Net cash provided by investing activities</b>		610,100	2,689
<b>Change in cash and cash equivalents in the year</b>		1,125,119	112,343
Cash and cash equivalents brought forward		296,260	183,917
<b>Cash and cash equivalents carried forward</b>	25	1,421,379	296,260

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

Connected Learning constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 32.

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Fund accounting**

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

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

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

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.4 Income**

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

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

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

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

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

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

**1.5 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.

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

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised.

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

The valuation for leasehold property at Powers Hall Academy is taken from the land and buildings desktop valuation provided by the Valuation Office Agency, completed for the EFA. The valuations have been prepared in accordance with the Valuation Standards 7th Edition, published by the Royal Institution of Chartered Surveyors (RICS) and effective from 2 May 2011, in so far as this is consistent with current HM Treasury guidance and requirements of the Charities SORP. The basis of the valuation is Fair Value, as defined by the International Financial Reporting Standards (IFRS).

The valuation for leasehold property at Icen Academy is taken from the land and buildings valuation provided by Kier, completed for the EFA. The valuations have been prepared in accordance with the Valuation Standards 7th Edition, published by the Royal Institution of Chartered Surveyors (RICS) and effective from 2 May 2011, in so far as this is consistent with current HM Treasury guidance and requirements of the Charities SORP. The basis of the valuation is Fair Value, as defined by the International Financial Reporting Standards (IFRS).

The valuation for leasehold property at Cherry Tree Primary School is taken from the land and buildings valuation provided by Kier, completed for the EFA. The valuations have been prepared in accordance with the Valuation Standards 7th Edition, published by the Royal Institution of Chartered Surveyors (RICS) and effective from 2 May 2011, in so far as this is consistent with current HM Treasury guidance and requirements of the Charities SORP. The basis of the valuation is Fair Value, as defined by the International Financial Reporting Standards (IFRS).

Where a formal valuation is not available, the buildings are valued at 20% of the latest insurance valuations.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. Included within leasehold properties is an amount relating to the construction of a new classroom for the Academy. This cost has been wholly paid by Essex County Council and is included in the Trust Accounts at the cost of construction provided by Essex County Council.

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies (continued)**

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

Long-term leasehold property	-	2% Straight line
Short-term leasehold property	-	2% Straight line
Leasehold improvements	-	2% Straight line
Fixtures and fittings	-	10% Straight line
Computer equipment	-	33% Straight line

**1.8 Interest receivable**

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

**1.9 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.11 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.

**1.12 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.

**1.13 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. 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.

**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.14 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.15 Taxation**

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

**1.16 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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



**CONNECTED LEARNING**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.17 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the 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 conversion from Cherry Tree Primary School, King's Ford Junior School and Templars Primary School to an academy 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 Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

**1.18 Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions:*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**CONNECTED LEARNING**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**2. Income from donations and capital grants**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Assets inherited on conversion	290,264	(1,308,000)	5,773,452	4,755,716	-
Donations	49,497	-	-	49,497	7,065
Devolved formula capital	-	-	40,862	40,862	6,880
Other capital grants	-	-	998,565	998,565	5,711
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	339,761	(1,308,000)	6,812,879	5,844,640	19,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £7,065 was to unrestricted funds and £12,591 was to restricted funds

**3. Funding for Academy's educational operations**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	3,143,195	3,143,195	1,116,508
Other DfE/EFA grants	-	37,596	37,596	38,663
Pupil premium	-	447,141	447,141	171,965
Start Up grants	-	83,346	83,346	140,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,711,278	3,711,278	1,467,136
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other government grants</b>				
Other Government Grants	-	142,775	142,775	48,563
	<hr/>	<hr/>	<hr/>	<hr/>
	-	142,775	142,775	48,563
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,854,053	3,854,053	1,515,699
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,515,699 was to restricted funds.

**CONNECTED LEARNING**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**4. Other trading activities**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Consultancy	-	91,654	91,654	102,947
Teacher training	-	550	550	700
Hire of facilities	24,088	-	24,088	18,867
Catering	-	81,560	81,560	32,843
Uniform	8,805	-	8,805	8,832
Educational trips	-	18,133	18,133	13,536
Teaching alliance income	-	82,000	82,000	79,000
Other income	-	57,169	57,169	26,172
	<u>32,893</u>	<u>331,066</u>	<u>363,959</u>	<u>282,897</u>

In 2015, of the total income from other trading activities, £27,699 was to unrestricted funds and £255,198 was to restricted funds.

**5. Investment income**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	879	-	879	347

In 2015, of the total investment income, £ 347 was to unrestricted funds and £ NIL was to restricted funds.

**6. Expenditure on raising funds**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Uniform	4,674	-	4,674	4,330
Educational visits	-	20,303	20,303	14,011
Teaching alliance costs	-	64,166	64,166	64,213
Music fees	-	1,205	1,205	-
	<u>4,674</u>	<u>85,674</u>	<u>90,348</u>	<u>82,554</u>

In 2015, of the total voluntary income, £4,330 was to unrestricted funds and £78,224 was to restricted funds.

**CONNECTED LEARNING**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**7. Direct costs**

	Educational activities £	Total 2016 £	Total 2015 £
Staff development	41,160	41,160	17,303
Educational consultancy	157,718	157,718	47,625
Educational supplies	93,020	93,020	41,054
Other direct costs	54,452	54,452	13,040
Supply teachers	27,894	27,894	-
Wages and salaries	1,979,828	1,979,828	794,773
National insurance	143,135	143,135	52,224
Pension cost	279,022	279,022	113,721
	<u>2,776,229</u>	<u>2,776,229</u>	<u>1,079,740</u>

In 2015, all Direct costs were incurred in respect of Educational operations

**8. Support costs**

	Educational activities £	Total 2016 £	As restated Total 2015 £
Pension income	47,000	47,000	17,000
Maintenance of premises and equipment	82,532	82,532	20,152
Cleaning	64,527	64,527	25,196
Rent & rates	13,882	13,882	9,355
Energy costs	64,711	64,711	27,697
Insurance	30,222	30,222	23,733
Other support costs	85,529	85,529	38,073
Catering	109,684	109,684	29,895
Security & Transport	10,898	10,898	2,755
Leasing	16,964	16,964	6,738
Technology costs	35,122	35,122	8,001
Legal & Profesional	107,160	107,160	23,935
Governance costs	39,527	39,527	19,086
Wages and salaries	594,446	594,446	244,712
National insurance	31,759	31,759	13,692
Pension cost	192,749	192,749	35,857
Depreciation	245,561	245,561	90,187
	<u>1,772,273</u>	<u>1,772,273</u>	<u>636,064</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:  
£39,527 (2015 - £19,086) included within the table above in respect of Educational activities.

In 2015, all Support costs were incurred in respect of Educational operation

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**9. Expenditure**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>As restated</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>2015</b>
					<b>£</b>
Expenditure on raising voluntary income	-	-	90,348	90,348	82,554
Educational activities:					
Direct costs	2,429,879	-	346,350	2,776,229	1,079,740
Support costs	818,954	580,800	372,519	1,772,273	636,064
	<u>3,248,833</u>	<u>580,800</u>	<u>809,217</u>	<u>4,638,850</u>	<u>1,798,358</u>

In 2016, of the total expenditure £7,071 (2015 - £14,561) was to unrestricted funds and £4,755,248 (2015 - £1,783,797) was to restricted funds.

**10. Expenditure - Analysis of specific expenses**

Included within expenditure are the following transactions:

	<b>Total</b>	<b>Individual items above £5,000</b>	
	<b>£</b>	<b>Amount</b>	<b>Reason</b>
		<b>£</b>	
Compensation payments	12,057	12,057	Compensation for termination of employment contract

**11. Net incoming resources/(resources expended)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	245,561	90,187
Operating leases	19,549	4,663
	<u>265,110</u>	<u>94,850</u>

**12. Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the academy's auditor for the audit of the academy's annual accounts	11,750	8,250
Fees payable to the academy's auditor in respect of:		
Audit-related assurance services	6,175	-
All other non-audit services not included above	3,750	6,023
	<u>21,675</u>	<u>14,273</u>

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**13. Staff costs**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,574,274	1,039,485
Social security costs	174,894	65,916
Operating costs of defined benefit pension schemes	471,771	149,578
	<u>3,220,939</u>	<u>1,254,979</u>
Supply teacher costs	27,894	-
	<u>3,248,833</u>	<u>1,254,979</u>

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

	2016 No.	2015 No.
Teaching	72	12
Administration and support	91	40
Management	13	9
	<u>176</u>	<u>61</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2015 pension contribution for this member of staff amounted to £23,253 (2015 - £10,320).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £322,480 (2015: £180,000).

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**14. Central services**

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

- HR and legal support
- Finance support and internal controls evaluation
- Governance
- Educational services

The academy charges for these services on the following basis:

3% of EFA Age Weighted Pupil Unit (AWPU) income.

The actual amounts charged during the year were as follows:

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
Powers Hall Academy	<b>22,320</b>	12,534
Cherry Tree Primary School	<b>11,160</b>	-
Iceni Academy	<b>14,880</b>	-
Templars Academy	<b>7,553</b>	-
	<b><u>55,913</u></b>	<b><u>12,534</u></b>
<b>Total</b>		

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**15. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
Jane Bass	Remuneration	80,000-85,000	75,000-80,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Claire Brazier	Remuneration	45,000-50,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Kirsty Brown	Remuneration	15,000-20,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000

During the year, 5 Trustees (2015 - 3) received reimbursement of expenses totalling £1,019 (2015 - £709).

**16. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included within the insurance cost.

**17. Net pension interest**

	2016 £	As restated 2015 £
Interest income on pension scheme assets	14,000	2,000
Interest on pension scheme liabilities	(61,000)	(19,000)
	<u>(47,000)</u>	<u>(17,000)</u>



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**18. Tangible fixed assets**

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2015	1,774,679	162,376	116,531	-	2,053,586
Additions	-	60,896	16,165	353,145	430,206
Assets transferred on conversion	5,141,797	479,011	152,644	-	5,773,452
At 31 August 2016	6,916,476	702,283	285,340	353,145	8,257,244
<b>Depreciation</b>					
At 1 September 2015	69,250	35,004	79,961	-	184,215
Charge for the year	138,330	43,034	64,197	-	245,561
At 31 August 2016	207,580	78,038	144,158	-	429,776
<b>Net book value</b>					
At 31 August 2016	6,708,896	624,245	141,182	353,145	7,827,468
At 31 August 2015	1,705,429	127,372	36,570	-	1,869,371

Assets transferred on conversion have been disclosed as per the relevant EFA desktop valuation by school with the exception of one school where this was not available. Therefore the building was valued at 20% of the latest insurance valuation.

**19. Stocks**

	2016 £	2015 £
Raw materials	7,421	1,118

**20. Debtors**

	2016 £	2015 £
Trade debtors	2,590	13,028
Other debtors	30,832	-
Prepayments and accrued income	102,149	40,465
VAT recoverable	38,834	7,158
	174,405	60,651

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**21. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	41,536	8,927
Other taxation and social security	69,582	20,993
Other creditors	61,483	13,346
Accruals and deferred income	233,872	15,615
	<u>406,473</u>	<u>58,881</u>
	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	1,941	1,898
Resources deferred during the year	91,495	1,941
Amounts released from previous years	(1,941)	(1,898)
	<u>91,495</u>	<u>1,941</u>
Deferred income at 31 August 2016	<u>91,495</u>	<u>1,941</u>

Deferred income includes grants received in advance for Universal Infant Free School Meals, Rates relief and NCTL Teaching Schools income.

**22. Statement of funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	118,196	373,533	(7,071)	-	-	484,658
<b>Restricted funds</b>						
General annual grant (GAG)	27,978	3,143,195	(3,096,907)	1,930	-	76,196
Start up grants	135,187	83,346	(218,533)	-	-	-
Other DfE/EFA Grants	-	37,596	(37,596)	-	-	-
Pupil Premium	-	447,141	(421,554)	-	-	25,587
Other Government Grants	-	142,775	(142,775)	-	-	-
Other generated funds	-	249,066	(249,066)	-	-	-
Teaching Alliance	14,787	82,000	(96,787)	-	-	-
Pension deficit inherited from Local authority on conversion	-	(1,308,000)	-	1,308,000	-	-
Pension reserve	(457,000)	-	(123,000)	(1,308,000)	(1,090,000)	(2,978,000)
	<u>(279,048)</u>	<u>2,877,119</u>	<u>(4,386,218)</u>	<u>1,930</u>	<u>(1,090,000)</u>	<u>(2,876,217)</u>

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**Notes to the Financial Statements**  
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**22. Statement of funds (continued)**

**Restricted fixed asset funds**

Asset held for depreciation	1,869,371	-	(245,561)	6,203,658	-	7,827,468
Devolved capital formula	-	40,862	-	(16,420)	-	24,442
Capital grants	-	998,565	-	(412,716)	-	585,849
Other capital grants	3,000	-	-	(3,000)	-	-
Transfer from Local Authority on conversion	-	5,773,452	-	(5,773,452)	-	-
	<u>1,872,371</u>	<u>6,812,879</u>	<u>(245,561)</u>	<u>(1,930)</u>	<u>-</u>	<u>8,437,759</u>
Total restricted funds	<u>1,593,323</u>	<u>9,689,998</u>	<u>(4,631,779)</u>	<u>-</u>	<u>(1,090,000)</u>	<u>5,561,542</u>
Total of funds	<u>1,711,519</u>	<u>10,063,531</u>	<u>(4,638,850)</u>	<u>-</u>	<u>(1,090,000)</u>	<u>6,046,200</u>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

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

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Powers Hall Academy	296,922	296,148
Cherry Tree Primary School	74,385	-
Iceni Academy	119,109	-
Templars Academy	96,025	-
Total before fixed asset fund and pension reserve	<u>586,441</u>	296,148
Restricted fixed asset fund	8,437,759	1,872,371
Pension reserve	(2,978,000)	(457,000)
Total	<u>6,046,200</u>	<u>1,711,519</u>

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**22. Statement of funds (continued)**

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Powers Hall Academy	1,052,814	338,192	54,179	329,772	1,774,957	1,707,171
Cherry Tree Primary School	516,564	204,547	15,799	263,800	1,000,710	-
Iceni Academy	571,683	115,740	9,599	326,338	1,023,360	-
Templars Academy	288,818	84,475	13,443	84,526	471,262	-
	<u>2,429,879</u>	<u>742,954</u>	<u>93,020</u>	<u>1,004,436</u>	<u>4,270,289</u>	<u>1,707,171</u>

**23. Analysis of net assets between funds**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	7,827,468	7,827,468	1,869,371
Current assets	484,658	508,256	610,291	1,603,205	358,029
Creditors due within one year	-	(406,473)	-	(406,473)	(58,881)
Provisions for liabilities and charges	-	(2,978,000)	-	(2,978,000)	(457,000)
	<u>484,658</u>	<u>(2,876,217)</u>	<u>8,437,759</u>	<u>6,046,200</u>	<u>1,711,519</u>

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**24. Reconciliation of net movement in funds to net cash flow from operating activities**

	2016 £	As restated 2015 £
Net income for the year (as per Statement of financial activities)	5,424,681	20,241
<b>Adjustment for:</b>		
Depreciation charges	245,561	90,187
Dividends, interest and rents from investments	(879)	(347)
(Increase)/decrease in stocks	(6,303)	176
Increase in debtors	(113,754)	(21,977)
Increase/(decrease) in creditors	347,592	(2,035)
Capital grants from DfE and other capital income	(1,039,427)	(12,591)
Pension liabilities inherited from local authority on conversion	1,308,000	-
Defined benefit pension scheme cost less contributions payable	76,000	19,000
Defined benefit pension scheme finance cost	47,000	17,000
Assets inherited from local authority on conversion	(5,773,452)	-
<b>Net cash provided by operating activities</b>	<b>515,019</b>	<b>109,654</b>

**25. Analysis of cash and cash equivalents**

	2016 £	2015 £
Cash in hand	1,421,379	296,260
<b>Total</b>	<b>1,421,379</b>	<b>296,260</b>

**26. Conversion to an academy trust**

On 1 September 2015, Kings Ford Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Connected Learning from Essex County Council for £NIL consideration. At the same date Kings Ford Junior School changed its name to Iceni Academy.

On 1 September 2015, Cherry Tree Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Connected Learning from Essex County Council for £NIL consideration. At the same date Kings Ford Junior School changed its name to Iceni Academy.

On 1 June 2016, Templars Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Connected Learning from Essex County Council for £NIL consideration.

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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 headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - 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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	5,773,452	5,773,452
Budget surplus/(deficit) on LA funds	290,264	-	-	290,264
LGPS pension surplus/(deficit)	-	(1,308,000)	-	(1,308,000)
Net assets/(liabilities)	<u>290,264</u>	<u>(1,308,000)</u>	<u>5,773,452</u>	<u>4,755,716</u>

The above net assets include £290,264 that were transferred as cash.

**27. Capital commitments**

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>585,849</u>	<u>-</u>

**28. Pension commitments**

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

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

Contributions amounting to £53,296 were payable to the schemes at 31 August 2016 (2015 - £9,950) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these

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**28. Pension commitments (continued)**

contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £266,796 (2015 - £66,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £226,000 (2015 - £62,000), of which employer's contributions totalled £173,000 (2015 - £47,000) and employees' contributions totalled £53,000 (2015 - £15,000). The agreed contribution rates for future years are 12.3% for employers and variable% 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.

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**28. Pension commitments (continued)**

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	2.20 %	5.30 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Commutation of pensions to lump sums	60.00 %	- %
RPI Increases	3.20 %	3.60 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	420,000	60,000
Debt instruments	22,000	9,000
Property	28,000	11,000
Gilts	69,000	4,000
Cash	18,000	2,000
Alternative Assets	58,000	7,000
<b>Total market value of assets</b>	<b>615,000</b>	<b>93,000</b>

The actual return on scheme assets was £63,000 (2015 - £3,000).



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**28. Pension commitments (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	As restated 2015 £
Current service cost (net of employee contributions)	(249,000)	(66,000)
Net interest cost	(47,000)	(17,000)
	<hr/>	<hr/>
Total	(296,000)	(83,000)
	<hr/>	<hr/>
Actual return on scheme assets	63,000	3,000
	<hr/>	<hr/>

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

	2016 £	As restated 2015 £
Opening defined benefit obligation	550,000	469,000
Transferred from Local Authority upon conversion	1,561,000	-
Current service cost	249,000	66,000
Interest cost	61,000	19,000
Contributions by employees	53,000	15,000
Actuarial losses/(gains)	1,139,000	(15,000)
Benefits paid	(10,000)	(4,000)
	<hr/>	<hr/>
Closing defined benefit obligation	3,603,000	550,000
	<hr/>	<hr/>

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

	2016 £	As restated 2015 £
Opening fair value of scheme assets	94,000	32,000
Transferred from Local Authority upon conversion	243,000	-
Return on plan assets (excluding net interest on the net defined pension liability)	49,000	2,000
Interest income	14,000	1,000
Actuarial gains and (losses)	49,000	1,000
Contributions by employer	173,000	47,000
Contributions by employees	53,000	15,000
Benefits paid	(10,000)	(4,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	665,000	94,000
	<hr/>	<hr/>

The adoption of FRS 102 has not had an effect on the closing pension deficit in the comparative year. However the analysis between support costs and actuarial gains and losses has changed.

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**29. Operating lease commitments**

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

	2016 £	As restated 2015 £
<b>Amounts payable:</b>		
Within 1 year	12,852	19,549
Between 1 and 5 years	5,564	23,800
Total	<u>18,416</u>	<u>43,349</u>

**30. 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.

**31. Related party transactions**

Owing to the nature of the academy's operations 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year costs of £1,800 (2015: £nil) were incurred for professional services from NCR Services, a company Mr N C Redfearn is connected to. No amounts were outstanding as at 31 August 2016 (2015: £nil).

In entering into the transactions above, the trust has complied with the requirements of the Academies Financial Handbook 2015.

**32. First time adoption of FRS 102**

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.