

# REGISTRAR OF COMPANIES

## City of London Academies Trust

### Consolidated Annual Report and Financial Statements

31 August 2016

Company Limited by Guarantee  
Registration Number  
04504128 (England and Wales)

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## Legal and administrative information

### Members

Mr M Boleat (Appointed 14 January 2016)  
Mr H Colthurst (Appointed 14 January 2016 and resigned 12 September 2016)  
Mr J Mayhew (Appointed 14 January 2016)  
Miss C S McGuinness (Appointed 14 January 2016)  
Town Clerk (Corporate Member) Mr J Barradell (Appointed 14 January 2016)  
Mr W B Fraser OBE (Resigned 14 January 2016)  
Sir David Wootton (Resigned 14 January 2016)  
Mr A McMurtrie (Resigned 14 January 2016)

### Trustees and Directors

Miss C S McGuinness (Chair) (Appointed 14 January 2016)  
Mr A McMurtrie  
Mr A Smyth (Resigned 14 January 2016)  
Mr W B Fraser OBE (Resigned 6 October 2015)  
Mr R Bannister (Resigned 14 January 2016)  
Mr S Atkinson (Resigned 14 January 2016)  
Mr J Chin (Resigned 11 October 2015)  
Mr L Green (Resigned 14 January 2016)  
Ms A Holmes (Resigned 14 January 2016)  
Mr M Kelly (Resigned 14 January 2016)  
Mr B Mounsey-Heysham (Resigned 10 October 2015)  
Sir David Wootton (Resigned 6 October 2015)  
Mr C M Hayward (Appointed 14 January 2016)  
Mr H F Morris (Appointed 14 January 2016 and resigned 19 March 2016)  
Mr H N A Colthurst (Appointed 14 January 2016 and resigned 12 September 2016)  
Mr R W Blackwell (Appointed 14 January 2016)  
Mr L Green (Appointed 27 January 2016)  
Mr E Martin (Appointed 12 February 2016)  
Ms D Brook (Appointed 6 July 2016)  
Mr M Wolman (Appointed 6 July 2016)  
Mr D P Patel (Appointed 22 July 2016)

### Accounting Officer

Mr M Emmerson (Appointed 14 January 2016)

### Clerk, Secretary and Chief Financial Officer

Mr C Hutton ACA (Resigned 19 August 2016)

## Legal and administrative information

### Senior management team

Principal of City of London Academy (Southwark)	Mr R Bannister
Head of School, City of London Academy (Southwark)	Mr M Huntley
Executive Headteacher of Redriff and Galleywall Primary Schools	Mr M Kelly
Headteacher of Galleywall School	Ms SCohring
Deputy Head, Redriff Primary School	Ms C Heath

### Registered office

Guildhall  
PO Box 270  
Gresham Street  
London EC2P 2EJ

**Company registration number** 04504128 (England and Wales)

### Auditor

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

### Bankers

**City of London Academy (Southwark)**  
NatWest  
Moorgate Branch  
PO Box 712  
94 Moorgate  
London EC2M 6UR

### Redriff and Galleywall Primary Schools

Lloyds Bank plc  
25 Camberwell Green  
London SE5 7AB

### Solicitors

Bates Wells Braithwaite  
10 Queen Street Place  
London EC4R 1BE

Comptroller & City Solicitor  
City of London Corporation  
PO Box 270  
Guildhall  
London EC2P 2EJ

## **Directors' report Year to 31 August 2016**

The Directors present their annual report together with the financial statements of the charitable company and the group for the year to 31 August 2016.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 37 of the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later (Charities' SORP 2015).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution and principal activities**

The Trust is a company limited by guarantee (Company Registration No. 04504128) and an exempt charity regulated by the EFA.

The Multi Academy Trust (MAT) was formed in September 2014 when Redriff Primary School, a Single Academy Trust (SAT), joined the City of London Academy (Southwark). The Trust's name was changed to City of London Academies (Southwark). During the academic year 2015/16, the Trust supported the opening of a new free school, Galleywall Primary, City of London Academy, which joined the Trust and opened in September 2016 in Galleywall Road, SE16, with 60 children in the reception class.

A review by the Sponsor, the City of London Corporation, concluded that there would be significant benefits to expanding the Trust to include other publicly funded City sponsored schools. In January 2016 the Board was reconstituted to reflect the new direction. A new CEO role was established and the Trust plans to open a further 3 new schools in 2017, one primary (City of London Primary Academy Islington) and 2 secondary (City of London Academy Shoreditch Park and City of London Academy Highgate Hill). The name of the Trust was changed to City of London Academies Trust.

The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as City of London Academies Trust.

The principal activity of the Trust is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing schools offering a broad curriculum with a strong emphasis on, but not limited to, business, enterprise and sport.

Details of the Directors who served throughout the year are included in the Legal and Administrative Details on page 1. The members of the Trust shall comprise:

- ◆ The Sponsor
- ◆ Up to 4 persons appointed by the Sponsor
- ◆ Any such additional members that the Sponsor thinks fit.

## **Directors' report Year to 31 August 2016**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

#### **Legal status (continued)**

The three original members of the Trust, W Fraser OBE, Sir David Wootton and Mr A McMurtrie resigned on 14 January 2016. Mr M Boleat, Mr J Barradell (Town Clerk), Mr J Mayhew, Miss C S McGuinness and Mr H Colthurst were appointed as members on 14 January 2016. Mr H Colthurst resigned on 12 September 2016. The members undertake to contribute to the assets of the Trust in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before s/he ceases to be a member.

#### **Directors Indemnities**

Directors benefit from indemnity insurance purchased at the Trust's expense to cover liability of Directors by virtue of any rule of law that would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust.

Any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of duty or which was committed by the Directors in reckless disregard to whether it was a breach of trust or duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors of the Trust. The limit of this indemnity is £2,000,000.

#### **Method of recruitment and appointment or election of Directors**

The Directors of the charitable company shall comprise:

- ◆ Up to six persons appointed by the Sponsor;
- ◆ The CEO, if appointed as such by the charitable company members; and
- ◆ A minimum of two parent Directors if no Local Governing Bodies are formed or provision made for at least two parent Directors on each established Local Governing Body.

The Trust may appoint co-opted Directors provided Sponsor Directors remain a majority on the Board.

The term of office is 4 years.

Directors shall cease to hold office if removed by the person or persons who appointed them, or otherwise by an ordinary resolution of members in accordance with the Companies Act 2006.

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Policies and procedures adopted for the induction and training of Directors**

The training and induction provided to new Directors will depend on their existing experience. All Directors are provided with copies of policies, procedures, minutes, accounts, budget plans and other documents that they will need to undertake their role as Directors. As the number of Directors joining the Trust during the course of the year is low, induction is informal and tailored specifically to the individual.

With the delegation of responsibility from the Trust Board to the Local Governing Bodies (LGBs) the priority for much of the training and development of Directors has been for those in the academies. Both the Southwark Local Authority and the City of London run comprehensive training programmes, which include the following:

- ♦ Managing and Interpreting Data;
- ♦ The Role of the Director/Trustee;
- ♦ Safeguarding; and
- ♦ Financial Management.

**Organisational structure**

The Directors establish the overall framework for the governance of the Trust. The Directors approve membership, terms of reference and procedures of committees and approve all Trust policies. The delegation of responsibility and authority is set out within the comprehensive MAT Scheme of Delegation and the Terms of Reference of the LGBs.

Each academy is required to establish an LGB. The LGB fulfils much the same role as the Trust Board of a standalone academy, holding the Principal/Headteacher to account.

The MAT Board receives reports and policies from its committees for ratification, it monitors the activities of the committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

During the year there were three MAT Committees: the Audit and Risk Committee, City of London Academy (Southwark) LGB, and Redriff Primary School LGB. During the year the Galleywall Free School Working Group became an interim LGB following approval from the DfE to open a school in September 2016. A further Working Group, the Convergence Group, also met regularly throughout the year.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Organisational structure** (continued)

The Audit and Risk Committee (A&R) meets regularly and follows a programme of work in line with the cycle of the academic year. The remit of this Committee covers all academies in the MAT. The purpose of the A&R Committee is to assist the decision making of the Board, by enabling more detailed consideration of each academy's finances and resources, including proper planning, monitoring and probity. It is also responsible for liaising with the external auditor for both the audit and the responsible officer function and receiving reports on both. By meeting regularly it fulfils the objectives set out in the DfE Academies Financial Handbook (AFH) of achieving internal scrutiny which delivers objective and independent assurance for the Trust.

### **Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 2. The performance management and remuneration of the CEO is undertaken by the Board of Directors. The remuneration of other staff in the Trust's central team is delegated to the CEO and further delegated to senior post holders, and made in accordance with the Trust's pay policy.

The performance management and remuneration of the Principal/Headteacher are undertaken by the Local Governing Body, supported by the CEO.

Senior Leaders within the schools are remunerated in accordance with the performance management process and approved pay policy.

### **Connected organisations including Related Party Relationships**

City of London Academy Southwark Lettings Limited (Company Registration Number 08145335) was incorporated on 14 August 2012 and began trading on 1 September 2012. It is a wholly owned subsidiary of the Trust. Its principal activity is to manage the lettings of sports facilities at City of London Academy (Southwark).

The City of London Corporation is the sponsor of the Trust and supplies six Sponsor Directors.

## **OBJECTIVES AND ACTIVITIES**

When setting the objectives of the MAT for the year, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education.

The Directors have delegated the setting of operational objectives to the LGBs and individual academies.



## **Directors' report Year to 31 August 2016**

### **OBJECTIVES AND ACTIVITIES (continued)**

Key objectives are

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of each academy by keeping the curriculum and organisational structure under continual review;
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements; and
- ◆ to conduct its business in accordance with the highest standards of integrity, probity and openness.

### **Equal opportunities**

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

### **Disabled persons**

City of London Academies Trust is committed to providing equal opportunities for all and welcomes:

- ◆ applications for employment from those with a disability; and
- ◆ applications for places from pupils with disabilities.

The Trust's recruitment process ensures that applicants for posts are shortlisted on the basis of how their qualifications and experience match the specification for the job.

The Trust recognises that some disabled people will need adjustments made in order for them to do the job. The Trust will look at what changes could be made to the workplace or to the way work is done and make any changes that are reasonable.

If an employee develops a disability, the Trust will make every effort to retain his/her services by making reasonable adjustments to the workplace, the methods of working or by finding another suitable role for her/him.

When decisions are made about an individual, the only personal characteristics or circumstances taken into account will be those which are necessary for the proper performance of the work involved.

As part of the performance management process, disabled employees will be given the opportunity to discuss what can be done to develop and use their abilities.

**OBJECTIVES AND ACTIVITIES** (continued)

**Disabled persons** (continued)

Disabled pupils applying for a place at the Trust will undergo the standard admissions procedure; offers of a place will be made on the basis laid down in the Admissions Policy and Procedures. The Trust has a commitment to giving priority to children with hearing impairment within Special Needs Admissions.

The needs of the disabled have been considered in the design of the schools' buildings and in the equipment purchased for teaching and learning.

When planning educational and other activities outside the school day, staff organising the events will carefully consider the types of activity and the adjustments that can be made so that disabled colleagues and pupils can take part fully.

The staff, trustees and governors will regularly review the provision it makes for disabled staff and pupils and strive to continually improve the facilities available.

**Public benefit and community involvement**

The Trust continues to grow and develop strong and effective local community links that support student achievement.

City of London Academy (Southwark)

Having been awarded the Inclusion Quality Award – Flagship School status in December 2016 City of London Academy (Southwark) has become one of England's most inclusive schools. The Academy is in the process of seeking planning permission for a new Autistic Resource Base located on its main campus.

Strong links have also been established with Ipsos Mori and further opportunities for staff and student development are being formulated. The Academy also works with Lend Lease, the multinational property and infrastructure company, to deliver an A Level mentoring scheme, including interview skills training, inspirational talks at general assemblies and to support Sixth Form Careers choices, and work experience placements.

The Trust's staff have worked strategically to successfully gain independent accreditations in the following areas;

- ♦ Arts Mark Gold School;
- ♦ England Basketball Academy;
- ♦ Investors in Careers Gold; and
- ♦ 360 Degree Safe E-Safety Mark.

The City of London Academy (Southwark) offers all students the opportunity to choose from circa 100 hours of weekly enrichment as well as high quality work experience placements for all students in Years 10 and 12, a variety of different local, national and international trips, visits and high profile visitors to further enhance the learning environment.

## OBJECTIVES AND ACTIVITIES (continued)

### Public benefit and community involvement (continued)

A successful bid to the Capital Improvement Fund has provided the funding to fit out a new 6<sup>th</sup> form centre located near the main school site at Verney Road, which will be open for students in September 2017. This will facilitate the expansion of the 6<sup>th</sup> form and free up space on the main school site for further developments.

During the year the City of London Academy (Southwark) and Redriff Primary School were successful in a joint bid to set up and lead one of 35 regional Maths Hubs, sponsored by the DfE, to lead improvement in mathematics education in England. Their aim is to harness maths leadership and expertise in the area, developing and spreading excellent practice for the benefit of all pupils and students.

Throughout the year the schools continued to support local charities. This included support for the Crisis at Christmas programme - the Academy was made available for sole use by the charity to host their guests in the run up to Christmas - and the annual Christmas tea party for elderly residents in the local community.

### Redriff City of London Primary School

In 2016 Redriff was awarded 'Autism Accreditation' status by the National Autistic Society (NAS) for the work they do with their autistic children. This underlines the School's commitment to understanding autism, and gives peace of mind to parents when choosing a school for their children. In the report following their inspection, the NAS reported as follows:

***'Redriff Primary School is a mainstream primary school that has managed to create an environment that does not just have an attached autism unit, but has become a totally inclusive school where autism is celebrated. Where teaching and learning are of a high quality and provide a range of naturally structured teaching to support all pupils. Specialist support for the pupils with autism is provided in the Boathouse but by including pupils without autism it further develops friendships and social interaction'.***

They have continued to excel at the implementation of the Accelerated Reader programme, which has been running as an integral part of Redriff's reading teaching since September 2015.

Redriff oversaw the opening of a new free school into the City family of schools within the Southwark 'hub', and after many months of hard work, in September 2016 Galleywall Primary City of London Academy received its first intake of 60 children. Mickey Kelly, the Headteacher at Redriff, is now leading the two primary schools as Executive Headteacher.

Redriff was also funded by Southwark to take an additional bulge class from September 2016, and has agreed to take a second bulge class in 2017, whilst progressing plans for a permanent expansion.

## Directors' report Year to 31 August 2016

### OBJECTIVES AND ACTIVITIES (continued)

#### Directors strategies and activities

The Trust has clear targets and strategies which are included in each Academy's Development Plan. These are all underpinned by the following principles:

- ◆ a fully comprehensive intake;
- ◆ a broad and inclusive curriculum;
- ◆ core business and enterprise and information and communications technology (ICT) throughout the schools;
- ◆ annual curriculum and financial plans;
- ◆ a positive ethos that ensures fairness and transparency for all.

### STRATEGIC REPORT

#### Achievements and performance

##### *Key performance indicators – City of London Academies (Southwark)*

As a result of exceptional GCSE examination results in summer 2016, the Academy entered the top 10% of non-selective state schools for attainment in England. The Academy has seen a 20% rise in 5 GCSE A\* - C grades in two years, and is North Southwark's highest performing non selective state school.

##### *Summary of GCSE Performance 2016*

Key Indicator	2016 Results % (* national average)
5 A*-C inc. English and Maths	76 (56)*
5 A*-C inc. English and Maths (Male/Female)	75.3/76.3 (51/60)*
5 A*-C in English and Maths (Pupil Premium)	72/80.5 (36/63)*
5 A*-C	83
English Baccalaureate	27.1
3 Levels progress in English	88.4
4 Levels progress in English	54.9
5 Levels progress in English	11.6
3 Levels progress in Maths	75.3
4 Levels progress in Maths	44.3
5 Levels progress in Maths	14.4
Capped points score	357.9
Attendance	95.2%

## Directors' report Year to 31 August 2016

### STRATEGIC REPORT (continued)

#### Achievements and performance (continued)

##### *Summary of GCE Performance 2016*

99% of our Year 13 students achieved a personal goal of getting the grades to gain entry to their first choice university. 115 students progressed to university from the Academy in 2016.

Key Indicator	2016 Results %
AS A*-B	27.8
AS A*-C	48.2
AS A*-E	88.2
A2 A*-A	12
A2 A*-B	40
A2 A*-C	71
A2 A*-E	100
Average points score A2 level only	26.66
Average point score per student (Combined)	782.1
Average point score per entry (Combined)	211.1
ALPS Grade	4

### STRATEGIC REPORT – Redriff Primary School

#### Achievements and performance

##### *Attendance*

	School	National
% Attendance	96.3	Tbc
% Persistent absence (10%)	7.4	Tbc

##### *EYFS Performance*

	School	National
% Expected Good Level of Development (GLD)	71	69

**Directors' report Year to 31 August 2016**

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

**Phonics**

	School	National
Year 1 % working at required standard	84	81
Year 2 % retake	80	67
% required standard by end of Year 2	97	91

**KS1 SATs**

KS1		School	National
Reading	Expected	85	74
	Greater Depth	48	24
Writing	Expected	87	66
	Greater Depth	32	13
Maths	Expected	90	73
	Greater Depth	40	18
RW&M	Expected	79	60
	Greater Depth	24	9
Value Added/Progress RW&M	Expected	+16%	0
	Higher standard	+ 17%	0
Science	Expected	95	82

## Directors' report Year to 31 August 2016

### STRATEGIC REPORT (continued)

#### Achievements and performance (continued)

##### KS2 SATs

KS2		School	National
Reading	Expected	85	66
	Greater Depth	29	19
	Average scaled scored	106	103
Writing (H/A)	Expected	92	74
	Greater Depth	50	15
Maths	Expected	75	70
	Greater Depth	21	17
	Average scaled scored	104	103
RW&M	Expected	63	53
	Greater Depth	15	5
GP&S	Expected	77	72
	Greater Depth	23	23
	Average scaled scored	105	104
Science	Expected	94	81
Value Added/Progress	Reading	2.5	0
	Writing	5.2	0
	Maths	-0.09	0

#### Going concern

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

## **Directors' report Year to 31 August 2016**

### **STRATEGIC REPORT (continued)**

#### **Financial review**

##### ***Income***

The Trust's total income for the year ended 31 August 2016 amounted to £17,395,793 (2015 - £15,157,236 (excluding assets on transfer)) of which £13,072,944 related to the EFA revenue grant.

##### ***Expenditure***

Running costs represent a large part of the Trust's costs and reflect the high energy consumption of IT and building services. Alternative energy sources are being investigated as the cost of energy increases. The City of London Academy (Southwark)'s buildings are over ten years old and trustees have approved a suite of premises improvements to accommodate increasing pupil numbers and complete much-needed renovations. Alongside this a programme of investment in the school's IT infrastructure has commenced, as part of a rolling programme of asset renewal and replacement.

##### ***Reserves policy***

The Trust held consolidated fund balances at 31 August 2016 of £25,398,087 (2015 - £26,153,755) comprising £2,717,714 (2015 - £2,244,356) of unrestricted general funds and £22,680,373 (2015 - £23,909,399) of restricted funds which includes the fixed asset fund of £23,353,989 (2015 - £23,653,575) and a general restricted fund of £481,384 which together with unrestricted funds total £3,199,098.

The Directors have reviewed the reserve levels of the Academy Trust during the reporting period. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be approximately £1,300,000, equivalent to 1 month's expenditure (excluding the fixed assets fund). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £3,199,098 (2015 - £2,244,356), which is above the desired reserve level and will be utilised over the coming years as detailed below.

The Trust holds cash balances of £3,569,504. This represents the one month's cash reserve and the balance has been earmarked as supporting the expansion plans of the Trust, in particularly the fit out of the new sixth form centre and the expansion of Redriff Primary School from a two form entry to a three form entry provision

##### ***Investment policy***

The Academy Trust's current policy is to invest funds in risk free and immediately accessible deposit accounts and if sufficient reserves are available, subject to approval by the Board of Governors, in investment units in the City of London Charities Pool.



**STRATEGIC REPORT** (continued)

**Financial review** (continued)

**Risk management**

The Board of Directors has drawn up a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risk the MAT faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks, then considering the costs of operating particular controls relative to the benefit obtained. The MAT's main risks are:

- ◆ Finance - Loss of funding from budget cuts, including the introduction of the National Funding Formula, and/or falling student numbers;
- ◆ Child protection failings;
- ◆ Education – lack of improvement in educational performance or attendance; and
- ◆ Premises and facilities management – unaffordable building maintenance programmes, failure of academy building fabric, and lack of sufficient premises management expertise within the academies.

**Mitigation**

The principal risk and uncertainty currently lies with future funding levels. With the reduction in minimum funding guarantee protections, the increase in contributions for both teaching and support staff pensions, increases in national insurance and the RPI increase on non-wage costs are all putting pressure on the Trust's budget. It is the responsibility of the LGBs to review the structure and costs to ensure that the Trust has sufficient funding to cover its costs.

The City of London Academy (Southwark) has an active pupil recruitment strategy with open days for both year 6 and sixth form parents, and is oversubscribed for first choice year 7 applicants. Applications to the academy are dependent upon competition from other academies; these are increasing in number in Southwark.

The forming of the MAT with Redriff in September 2014 was aimed in part at supporting the number of year 6 pupils choosing the secondary Academy. The addition of Galleywall Primary School to the Trust, and the planned future recruitment of other like-minded schools in the locality, will continue to mitigate that risk.

City of London Academy (Southwark), and Redriff and Galleywall Primary Schools will continued to work together to converge central functions, to improve the quality of support services whilst also saving cost. A Director of Finance and HR and Facilities Manager are now in post with a remit covering all three schools. Convergence work, including joint IT procurement and centralised catering, have already delivered cost and quality benefits.

The Trust is aware of current budgetary concerns and continually reviews its costs to ensure a balanced budget.

## **Directors' report Year to 31 August 2016**

### **STRATEGIC REPORT (continued)**

#### **Risk management (continued)**

Each academy has a Child Protection Officer and carries out regular training of all staff on safeguarding issues.

Each academy has a School Improvement Partner to act as a critical friend, and the appointment of an experienced CEO will ensure a continued focus on standards and attainment.

Health and Safety and fire risk assessments, along with the development of a robust asset management plan, are priorities for the newly appointed Facilities Manager.

#### **FUTURE PLANS**

This has been a year of change for the Trust, which has grown from two academies to three through the planning and successful opening of a new primary free school within the Southwark family of schools. Under the direction of the Sponsor and supported by the changes to the constitution of the Trust Board and the appointment of the CEO, there is a clear vision for controlled expansion, with work underway to open and bring three further schools into the Trust by September 2017.

The Vision of the Trust as it moves forward into the next stage of development is as follows:

We will deliver life-transforming learning experiences allowing all our pupils, whatever their background, to make a positive contribution to their local, national and global communities'.

The City of London, its schools and academies are characterised by:

- ◆ High expectations, aspirations, excellence and a belief that all can succeed;
- ◆ Combining creativity, innovation and enterprise, alongside tradition and continuity; and
- ◆ Developing people who are confident, resilient, compassionate and democratic.

The Trust follows a strategy of controlled, non-predatory growth, and will look to sponsor other schools expressing a wish to join the Trust where ethos and values are aligned. The medium term aim will be for up to sixteen schools within the Trust.

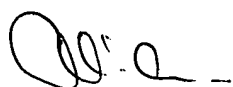
## Directors' report Year to 31 August 2016

### AUDITOR

In so far as the Directors' are aware:

- ◆ there is no relevant audit information of which the Trust's auditor is unaware; and
- ◆ the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Director's report, incorporating a strategic report, approved by order of the members of the Board of Directors on 6 December 2016 and signed on its behalf by:



Chair of Directors

(CATHERINE MCGUINNESS)

## Governance Statement Year to 31 August 2016

### Scope of responsibility

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

The Board of Directors have delegated the day-to-day responsibility to the Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education.

The Accounting officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The original Board of Directors met once on 30 November. The reconstituted board met 4 times with attendance as follows:

Governor	Number of meetings Attended	Out of Possible
Ms C McGuinness (Chair)	4	4
Mr R Blackwell	4	4
Ms D Brook	1	1
Mr L Green	2	3
Mr A McMurtrie	4	4
Mr C Hayward	3	4
Mr E Martin	2	2
Mr H Colthurst	3	4
Mr H Morris	2	2
Mr D Patel	0	0
Mr M Wolman	1	1

### Governance reviews

In January 2016, following a review by the Trust's sponsor, the City of London, City of London Academies (Southwark) was re-constituted and changed name to City of London Academies Trust, reflecting its expansion and change of membership.

A full review of governance is planned for early 2017.

## Governance Statement Year to 31 August 2016

### Governance (continued)

The **Audit and Risk Committee** is also a committee of the main board of Directors. Its purpose is to ensure financial practice is in line with the latest guidance from the Department for Education as published in the Academies Financial Handbook, review risks and systems of financial control and to appoint and agree the terms of engagement of both the external auditor and the Responsible Officer.

A meeting of the Audit and Risk committee took place on 30 November 2015, attended by all directors serving as committee members at that time; A McMurtrie (Chair), A Smyth, L Green, R Bannister (Accounting Officer) and M Kelly. Following the re-constitution of the Board, a working party was established to consider audit and risk matters, pending the formal establishment of a new committee. The working party and the re-constituted Audit and Risk committee was formally established with the following membership: A McMurtrie, L Green, D Brook and M Wolman.

### Review of value for money

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

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

- ◆ ***Collaborative working across the Trust – building capacity and delivering savings through joint procurement.***

Examples of this include introduction of a new telephone system across all schools, and the appointment of a preferred supplier following the IT procurement process conducted for the new free school, Galleywall City of London Primary School. Further ongoing initiatives include the delivery of a cost-effective print solution for all three schools.

- ◆ ***Introduction of Centralised Catering Services***

Healthy eating remains a priority for the Trust and to ensure consistent quality and good value for money, an Executive Chef has been appointed with responsibility for provision of the meals service at all three locations. This model will continue as other schools join the Southern 'hub' of the Trust.

## **Governance Statement Year to 31 August 2016**

### **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 the Trust's 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 at the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 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.

### **The risk and control framework**

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, a range of checks and examination of the financial systems and controls are undertaken by Buzzacott LLP, who report to the Directors termly on the operation of the systems of control and on the discharge of the Trust's financial responsibilities, including the findings from the detailed checks undertaken. RO visits have been conducted terms during the year ended 31 August 2016.

## Governance Statement Year to 31 August 2016

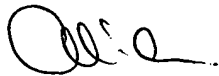
### Review of effectiveness

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

- ◆ reports presented by Buzzacott LLP following their review of financial systems and controls
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee, and ensures continuous improvement of the system is in place.

Approved by order of the Board of Directors and signed on their behalf by:



Chair of Directors (CATHERINE MCGUINNESS)



Accounting Officer (MARK EMMERSON)


Approved on: 6 December 2016

**Statement on regularity, propriety and compliance Year to 31 August 2016**

As Accounting Officer of City of London Academies Trust, I have considered my responsibility to notify the Trust's Board 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 Trust and the Secretary of State. 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 Trust's Board are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 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 Directors and EFA.

A handwritten signature in black ink, appearing to read 'M. Emerson', followed by a long horizontal line.

Accounting Officer (MARK EMERSON)

Date: 6 December 2016



## Statement of Directors' responsibilities Year to 31 August 2016

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Trust and of its income and expenditure for that period. In preparing these financial statements, the Directors are required to:

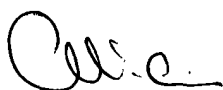
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Trust 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 have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the charity and financial information included on the Trust'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 Directors and signed on its behalf by:



(CATHERINE MCGUINNESS)

Date: 6 December 2016

## **Independent auditor's report 31 August 2016**

### **Independent auditor's report on the financial statements to the members of City of London Academies Trust**

We have audited the financial statements of City of London Academies Trust for the year ended 31 August 2016 which comprise the consolidated statement of financial activities, the consolidated and Academy Trust balance sheets, the consolidated statement of cash flows, the principal accounting policies 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) and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

### **Respective responsibilities of Directors and auditor**

The Directors act as trustees for the charitable activities of City of London Academies Trust.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 inconsistencies we consider the implications for our report.

## Independent auditor's report 31 August 2016

### Opinion

In our opinion:

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

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

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

### 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 Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 21/11/16

## **Independent reporting accountant's report 31 August 2016**

### **Independent reporting accountant's assurance report on regularity to City of London Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 27 June 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 City of London Academies Trust during the period from 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 City of London Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to City of London Academies Trust 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 City of London Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of City of London Academies Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of City of London Academies Trust's funding agreement with the Secretary of State for Education dated 4 September 2003, subject to a Deed of Variation dated 14 September 2014, and the Academies Financial Handbook, 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 period from 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.

## Independent reporting accountant's report 31 August 2016

### Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### 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 period from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 24/12/16

## Consolidated statement of financial activities Year to 31 August 2016

	Notes	Restricted funds			2016 Total Funds £	2015 Restated Total Funds £
		Un- restricted funds £	General fund £	Fixed assets £		
<b>Income from:</b>						
Donations and capital grants	2	362,945	7,500	889,097	1,259,542	272,327
Transfers on existing academies joining the Trust	23	—	—	—	—	4,321,768
Charitable activities:						
Funding for the Academy Trust's educational operations	5	—	15,279,852	—	15,279,852	14,129,887
Other trading activities	3	799,461	—	—	799,461	678,494
Investments	4	56,938	—	—	56,938	76,528
<b>Total income</b>		<u>1,219,344</u>	<u>15,287,352</u>	<u>889,097</u>	<u>17,395,793</u>	<u>19,479,004</u>
<b>Expenditure on:</b>						
Raising funds	6	116,671	—	—	116,671	106,880
Charitable activities:						
Academy Trust educational operations	7	224,241	15,389,882	1,626,096	17,240,219	16,238,490
<b>Total expenditure</b>		<u>340,912</u>	<u>15,389,882</u>	<u>1,626,096</u>	<u>17,356,890</u>	<u>16,345,370</u>
<b>Net income (expenditure) before transfers</b>		878,432	(102,530)	(736,999)	38,903	3,133,634
Transfers between funds	18	(334,503)	(102,910)	437,413	—	—
<b>Net income (expenditure)</b>		543,929	(205,440)	(299,586)	38,903	3,133,634
<b>Other recognised gains (losses)</b>						
Unrealised (losses) gains on investments		(70,571)	—	—	(70,571)	76,576
Actuarial (losses) gains on defined benefit pension schemes	21	—	(724,000)	—	(724,000)	59,000
<b>Net movement in funds</b>		473,358	(929,440)	(299,586)	(755,668)	3,269,210
Fund balances brought forward at 1 September 2015		2,244,356	255,824	23,653,575	26,153,755	22,884,545
<b>Fund balances carried forward at 31 August 2016</b>		<u>2,717,714</u>	<u>(673,616)</u>	<u>23,353,989</u>	<u>25,398,087</u>	<u>26,153,755</u>

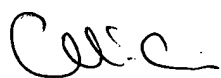
All of the Group's activities derive from continuing operations during the above two financial periods.

The Group had no recognised gains or losses other than those shown above.

## Balance sheets 31 August 2016

	Notes	2016		2015	
		Group £	Trust £	Group Restated £	Trust Restated £
<b>Fixed assets</b>					
Intangible fixed assets	13	77,019	77,019	112,672	112,672
Tangible assets	14	22,888,071	22,888,071	23,540,903	23,540,903
Investments		—	100	—	100
		<u>22,965,090</u>	<u>22,965,190</u>	<u>23,653,575</u>	<u>23,653,675</u>
<b>Current assets</b>					
Debtors	15	910,503	958,604	607,790	651,470
Investments	16	1,169,668	1,169,668	1,240,239	1,240,239
Cash at bank and in hand		<u>3,569,504</u>	<u>3,515,231</u>	<u>2,934,652</u>	<u>2,885,242</u>
		<u>5,649,675</u>	<u>5,643,503</u>	<u>4,782,681</u>	<u>4,776,951</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	(2,061,678)	(2,055,606)	(1,887,501)	(1,881,871)
<b>Net current assets</b>		<u>3,587,997</u>	<u>3,587,897</u>	<u>2,895,180</u>	<u>2,895,080</u>
<b>Net assets excluding pension scheme liability</b>		<u>26,553,087</u>	<u>26,553,087</u>	<u>26,548,755</u>	<u>26,548,755</u>
Pension liability	21	(1,155,000)	(1,155,000)	(395,000)	(395,000)
<b>Total net assets</b>		<u>25,398,087</u>	<u>25,398,087</u>	<u>26,153,755</u>	<u>26,153,755</u>
<b>Restricted funds</b>					
Fixed assets fund	18	23,353,989	23,353,989	23,653,575	23,653,575
Restricted income funds	18	481,384	481,384	650,824	650,824
Pension reserve	18	(1,155,000)	(1,155,000)	(395,000)	(395,000)
<b>Total restricted funds</b>		<u>22,680,373</u>	<u>22,680,373</u>	<u>23,909,399</u>	<u>23,909,399</u>
<b>Unrestricted income funds</b>					
General fund	18	2,717,714	2,717,714	2,244,356	2,244,356
<b>Total funds</b>		<u>25,398,087</u>	<u>25,398,087</u>	<u>26,153,755</u>	<u>26,153,755</u>

The financial statements on pages 28 to 54 were approved by the Directors of City of London Academies Trust, Company Registration No. 04504128 (England and Wales) and authorised for issue and signed on their behalf by:



(CATHERINE MCGUINNESS)

Director

Approved on 6 December 2016

## Consolidated statement of cash flows Year to 31 August 2016

		2016 £	2015 £
<b>Net cash flows from operating activities</b>			
Net cash provided by operating activities	A	626,428	2,202,580
<b>Cash flows from investing activities</b>	B	8,424	(436,347)
<b>Change in cash and cash equivalents in the year</b>		634,852	1,766,233
<b>Cash and cash equivalents at 1 September 2015</b>		2,934,652	1,168,419
<b>Cash and cash equivalents at 31 August 2016</b>		3,569,504	2,934,652

### A Reconciliation of income (expenditure) to net cash flow from operating activities

	2016 £	2015 Restated £
<b>Net (expenditure) income for the year (as per the statement of financial activities)</b>	38,903	3,133,634
<b>Adjusted for:</b>		
Amortisation (note 13)	35,653	—
Depreciation charges (note 14)	1,590,443	1,557,843
Capital grants from DfE and other capital income	(889,097)	—
Income on conversion	—	(3,749,457)
Interest receivable (note 4)	(56,938)	(58,528)
Defined benefit pension scheme obligation inherited	—	454,000
Defined benefit pension scheme cost less contributions payable (note 21)	23,000	22,000
Defined benefit pension scheme finance cost (note 21)	13,000	(22,000)
(Increase) decrease in debtors	(302,713)	101,553
Increase in creditors	174,177	763,535
<b>Net cash provided by (used in) operating activities</b>	626,428	2,202,580

### B Cash flows from investing activities

	2016 £	2015 £
Interest receivable	56,938	58,528
Purchase of tangible fixed assets	(937,611)	(494,875)
Capital grants from DfE/EFA	889,097	—
<b>Net cash provided by (used in) investing activities</b>	8,424	(436,347)

### C Analysis of cash and cash equivalents

	2016 £	2015 £
<b>Total cash and cash equivalents: Cash at bank and in hand</b>	3,569,404	2,934,652



## **Principal accounting policies 31 August 2016**

### **Statement of 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.

### **Basis of preparation**

The financial statements of the Trust 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 2015), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

City of London Academies Trust meets the definition of a public benefit entity under FRS 102.

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Academy Trust and its wholly owned subsidiary, City of London Academy Southwark Lettings Limited, on a line by line basis. No separate statement of financial activities has been presented for the Academy Trust alone, as permitted by Section 408 of the Companies Act 2006.

### **Transition to FRS 102**

#### ***First time adoption of FRS 102***

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

#### ***Explanation of transition to FRS 102***

It is the first year that the Trust has presented its financial statements under Charities' 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 Charities' SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and Charities' SORP 2015, a number of accounting policies have changed to comply with those standards.

## Principal accounting policies 31 August 2016

### Transition to FRS 102 (continued)

#### *Explanation of transition to FRS 102 (continued)*

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

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

Reconciliation of net income	2015 £
Net income / (expenditure) previously reported under UK GAAP	3,129,634
Change in recognition of LGPS interest cost (A)	4,000
<b>Net movement in funds reported under FRS 102</b>	<b>3,133,634</b>

#### **A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £4,000 and increase the debit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

#### **Going concern**

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

#### **Income**

All income is recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

## Principal accounting policies 31 August 2016

### **Income (continued)**

#### ***Grants***

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

The 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***

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

#### ***Donations***

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

#### ***Other income***

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

### **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.

## Principal accounting policies 31 August 2016

### Expenditure (continued)

#### *Expenditure on raising funds*

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

#### *Charitable activities*

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

All expenditure is stated net of recoverable VAT.

#### **Intangible fixed assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- ◆ Purchased computer software 33% per annum

#### **Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

	City of London Academy (Southwark)	Redriff Primary School
◆ Furniture, fittings and equipment	20% p.a.	20% and 33% p.a.
◆ Buildings	4% p.a.	2% p.a.
◆ Temporary accommodation	33% p.a. and 50% p.a.	—

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the consolidated statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fixed asset fund in the consolidated statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

## **Principal accounting policies 31 August 2016**

### **Debtors**

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Liabilities**

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

### **Leased assets**

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

### **Taxation**

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

### **Pensions benefits**

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

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

## Principal accounting policies 31 August 2016

### **Pensions benefits (continued)**

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

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

### **Fund accounting**

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose or contributions subject to donor imposed conditions.

### **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 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.

## Principal accounting policies 31 August 2016

### Critical accounting estimates and areas of judgement (continued)

#### *Critical accounting estimates and assumptions (continued)*

- ◆ The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ Estimating the useful economic life of tangible and intangible fixed assets for the purposes of calculating depreciation/amortisation.

## Notes to the financial statements 31 August 2016

### 1 General annual grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Trust has not exceeded these limits during the year ended 31 August 2016.

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	2016 Total funds £	Restated 2015 Total funds £
Capital grants	—	—	889,097	889,097	—
Other donations	362,945	7,500	—	370,445	272,327
	<u>362,945</u>	<u>7,500</u>	<u>889,097</u>	<u>1,259,542</u>	<u>272,327</u>

### 3 Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Trip income	27,365	—	27,365	7,671
Catering income	196,876	—	196,876	195,387
Letting income	197,209	—	197,209	182,691
Miscellaneous income	378,011	—	378,011	292,745
	<u>799,461</u>	<u>—</u>	<u>799,461</u>	<u>678,494</u>

### 4 Investment income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Interest receivable	56,938	—	56,938	76,528
	<u>56,938</u>	<u>—</u>	<u>56,938</u>	<u>76,528</u>



## Notes to the financial statements 31 August 2016

### 5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	Restated 2015 Total funds £
<b>DfE / EFA grants</b>				
. General Annual Grant (GAG)	—	13,072,944	13,072,944	12,391,295
. Start Up Grants	—	396,000	396,000	—
. Other DfE / EFA Grants	—	891,911	891,911	903,330
	—	14,360,855	14,360,855	13,294,625
<b>Other grants</b>				
. City of London Corporation	—	101,000	101,000	—
. Local authority grants	—	717,997	717,997	835,262
. Special educational projects	—	100,000	100,000	—
	—	918,997	918,997	835,262
	—	15,279,852	15,279,852	14,129,887

### 6 Expenditure

	Staff costs £	Premises £	Other costs £	2016 Total funds £	Restated 2015 Total funds £
Expenditure on raising funds	91,758	—	24,913	116,671	106,880
School's educational operations:					
. Direct costs	9,794,248	—	2,874,931	12,669,179	11,907,915
. Allocated support costs	1,753,043	1,484,139	1,333,858	4,571,040	4,330,575
	11,639,049	1,484,139	4,233,702	17,356,890	16,345,370

	2016 Total funds £	2015 Total funds £
<b>Net income (expenditure) for the year is stated after charging:</b>		
Operating lease rentals	17,474	—
Depreciation	1,590,443	1,557,843
Fees payable to auditor		
. Audit	15,550	21,752
. Other services	4,425	3,850

Included within expenditure are the following transactions:

	Total £	Amount £	Reason
Compensation payments	41,677	30,000	Compensation agreement
		11,677	Compensation agreement

## Notes to the financial statements 31 August 2016

### 7 Charitable activities - academy's educational operations

	2016 Total funds £	Restated 2015 Total funds £
Direct costs	12,669,179	11,907,915
Support costs	4,571,040	4,330,575
	<b>17,240,219</b>	<b>16,238,490</b>

Analysis of support costs	2016 Total funds £	Restated 2015 Total funds £
Support staff costs	1,753,043	1,749,219
Technology costs	146,602	153,741
Premises costs	1,484,139	1,398,263
Other support costs	1,107,581	947,178
Governance costs	79,675	82,174
<b>Total support costs</b>	<b>4,571,040</b>	<b>4,330,575</b>

## Notes to the financial statements 31 August 2016

### 8 Comparative information

	Un-restricted funds £	Restricted funds		2015 Total Funds £
		General fund £	Fixed assets £	
<b>Income from:</b>				
Donations and capital grants	272,327	—	—	272,327
Transfer on conversion to an Academy Trust	422,245	150,066	3,749,457	4,321,768
<b>Charitable activities:</b>				
. Funding for the Academy Trust's educational operations	—	14,129,887	—	14,129,887
Other trading activities	678,494	—	—	678,494
Investments	58,528	18,000	—	76,528
<b>Total income</b>	<b>1,431,594</b>	<b>14,297,953</b>	<b>3,749,457</b>	<b>19,479,004</b>
<b>Expenditure on:</b>				
Raising funds	106,880	—	—	106,880
<b>Charitable activities:</b>				
. Academy's educational operations	2,700	14,677,943	1,557,847	16,238,490
<b>Total expenditure</b>	<b>109,580</b>	<b>14,677,943</b>	<b>1,557,847</b>	<b>16,345,370</b>
<b>Net income (expenditure) before transfers</b>	<b>1,322,014</b>	<b>(379,990)</b>	<b>2,191,610</b>	<b>3,133,634</b>
Transfers between funds	—	(494,878)	494,878	—
<b>Net income (expenditure)</b>	<b>1,322,014</b>	<b>(874,868)</b>	<b>2,686,488</b>	<b>3,133,634</b>
<b>Other recognised gains and losses</b>				
Unrealised gains on investments	76,576	—	—	76,576
Actuarial gains on defined benefit pension scheme	—	59,000	—	59,000
<b>Net movement in funds</b>	<b>1,398,590</b>	<b>(815,868)</b>	<b>2,686,488</b>	<b>3,269,210</b>

## Notes to the financial statements 31 August 2016

### 9 Staff

#### a) Staff costs

Staff costs during the year were as follows:

	2016	Restated 2015
	£	£
Wages and salaries	8,851,913	8,564,270
Social security costs	839,997	706,069
Pension costs	1,224,856	1,039,245
	<u>10,916,766</u>	<u>10,309,584</u>
Supply staff costs	680,606	696,986
Staff restructuring costs	41,677	1,888
	<u>11,639,049</u>	<u>11,008,458</u>

	2016	2015
	£	£
Staff restructuring costs comprise		
Severance payments	41,677	1,888
	<u>41,677</u>	<u>1,888</u>

#### b) Staff severance payments

Included in staff restructuring costs are two contractual severance payments totalling £41,677 (2015 - one non-contractual £1,888).

#### c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 expressed as headcount was as follows:

	2016	2015
	£	£
Charitable activities		
Teachers	124	113
Administration and support	153	150
Management	19	21
	<u>296</u>	<u>284</u>

#### d) Higher paid staff

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2016	2015
	Number	Number
£60,001 - £70,000	5	5
£70,001 - £80,000	2	1
£80,001 - £90,000	2	3
£90,001 - £100,000	1	—
£100,001 - £110,000	—	1
£110,001 - £120,000	1	—
£150,001 - £160,000	—	1
£160,001 - £170,000	1	—

## Notes to the financial statements 31 August 2016

### 9 Staff (continued)

#### d) Higher paid staff (continued)

Employer contributions were made to the Teachers' Pension Scheme or the Local Government Pension Scheme in respect of all of the above employees. During the year to 31 August 2016, pension contributions for these staff members amounted to £113,582 (2015 - £123,440).

#### e) Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the academy trust was £408,487 (2015: £368,638).

### 10 Related party transactions – Governing Body's remuneration

The Principal/Headteacher only receive remuneration in respect of services they provide undertaking the roles of Principal/Headteacher and not in respect of their services as Governors. Other Governors did not receive any payments from the Trust in respect of their role as Governors.

The total value of remuneration paid to staff who were also Governors was £276,230 (2015 – £259,056) of which the highest paid Governor was paid £160,953 (2015 – £152,274).

The value of the Governing Body's remuneration and other benefits was as follows:

	2016 £'000	2015 £'000
R Bannister, Principal of City of London Academy (Southwark) and Governor		
. Remuneration	160 - 165	150 - 155
. Employer's pension contributions	25 - 30	20 - 25
M Kelly, Headteacher of Redriff Primary School and Governor		
. Remuneration	115 - 120	105 - 110
. Employer's pension contributions	15 - 20	10 - 15

During the year ended 31 August 2016, £839 of travel and subsistence expenses were reimbursed to five (2015 – two) Governors (2015 – £726) in their capacity as staff. Governing Body expenses (note 7) include amounts payable to Southwark Local Authority for the provision of clerking services and training costs.

Jude Chin, a governor, is a director and a shareholder of SSAT (The Schools Network) Limited, a company that provides educational services. During the year ended 31 August 2016, the Academy Trust incurred expenditure of £nil (2015 - £3,614) on services provided by SSAT.

## Notes to the financial statements 31 August 2016

### 10 Related party transactions – Governing Body's remuneration (continued)

Other related party transactions involving the Directors are set out in note 23.

Insurance premiums of £2,508 (2015 - £593) were paid during the year in respect of Governors' indemnity insurance, as allowed by the charitable Trust's Memorandum and Articles of Association.

### 11 City of London Academy Southwark Lettings Limited

	2016 £	2015 £
Turnover	197,208	182,691
Cost of Sales	(12,605)	(21,558)
Gross profit	184,603	161,133
Administrative expenses	(104,065)	(88,022)
Profit on ordinary activities before taxation	80,538	73,111
Tax	—	—
Profit on ordinary activities after taxation	80,538	73,111
Donation to Academy	(80,538)	(73,111)
	—	—

The assets and liabilities of the subsidiary were:

	2016 £	2015 £
Non-current assets	—	—
Current assets	90,691	99,806
Creditors: amounts falling due within one year	(90,591)	(99,706)
Total assets less current liabilities	100	100

### 12 Central services

No central services were provided from the Trust to its academies during the period and no central charges arose.

### 13 Intangible fixed assets

	Computer software £	2016 £
Group and Academy Trust		
<b>Cost/valuation</b>		
At 1 September (as restated)	466,287	466,287
Disposals	(288,023)	(288,023)
At 31 August 2016	178,264	178,264
<b>Amortisation</b>		
At 1 September (as restated)	353,615	353,615
Charge in year	35,653	35,653
Eliminated on disposal	(288,023)	(288,023)
At 31 August 2016	101,245	101,245
<b>Net book value</b>		
At 31 August 2016	77,019	77,019
At 31 August 2015 (as restated)	112,672	112,672

## Notes to the financial statements 31 August 2016

### 14 Tangible fixed assets

Group and Academy Trust	Academy development £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
<b>Cost or valuation</b>						
At 1 September 2015 (as restated)	33,470,765	3,829,602	2,884,538	1,253,690	70,975	41,509,570
Additions	521,627	30,551	142,290	243,143	—	937,611
Disposals	—	—	(2,384,598)	(1,141,454)	—	(3,526,052)
At 31 August 2016	33,992,392	3,860,153	642,230	355,379	70,975	38,921,129
<b>Depreciation</b>						
At 1 September 2015 (as restated)	13,806,017	301,428	2,578,014	1,246,350	36,858	17,968,667
Charge for year	1,275,087	76,679	89,118	135,364	14,195	1,590,443
Disposals	—	—	(2,384,598)	(1,141,454)	—	(3,526,052)
At 31 August 2016	15,081,104	378,107	282,534	240,260	51,053	16,033,058
<b>Net book values</b>						
At 31 August 2016	18,911,288	3,482,046	359,696	115,119	19,922	22,888,071
At 31 August 2015 (as restated)	19,664,748	3,528,174	306,524	7,340	34,117	23,540,903

The land on which the City of London Academy (Southwark) is built is held under a 999 year lease from Southwark Council. The lease was granted on 12 November 2004 for a peppercorn rent of £1 per annum if demanded and has not been included in the financial statements as the site is designated for educational purposes only and has no open market value.

Redriff Primary School acquired the leasehold building upon conversion to Academy status on 1 November 2011. The lease is for a period of 125 years. An EFA commissioned valuation took place on 31 August 2012 by Drivers Jonas Deloitte using the depreciated replacement cost method.

## Notes to the financial statements 31 August 2016

### 15 Debtors

	2016		2015	
	Group £	Trust £	Group £	Trust £
Trade debtors	58,938	26,245	85,080	34,786
VAT recoverable	237,631	237,631	161,466	161,466
Amount due from subsidiary	—	84,519	—	94,075
Other debtors	5,259	1,534	3,696	3,596
Prepayments and accrued income	608,675	608,675	357,548	357,547
	<b>910,503</b>	<b>958,604</b>	<b>607,790</b>	<b>651,470</b>

### 16 Investments

	Group		Trust	
	2016 £	2015 £	2016 £	2015 £
Market value at 1 September 2015	1,240,239	1,163,663	1,240,239	1,163,663
Unrealised (loss)/gain	(70,571)	76,576	(70,571)	76,576
Market value at 31 August 2016	<b>1,169,668</b>	<b>1,240,239</b>	<b>1,169,668</b>	<b>1,240,739</b>
Cost of pooled investments at 31 August 2016	<b>999,999</b>	<b>999,999</b>	<b>999,999</b>	<b>999,999</b>

### 17 Creditors: amounts falling due within one year

	2016		2015	
	Group £	Trust £	Group £	Trust £
Trade creditors	630,279	629,607	732,766	732,766
Taxation and social security	297,942	297,942	218,386	218,386
EFA creditor: abatement of GAG	617,198	617,198	445,031	445,031
Other creditors	187,717	187,717	176,741	176,741
Accruals and deferred income	328,542	323,142	314,577	308,947
	<b>2,061,678</b>	<b>2,055,606</b>	<b>1,887,501</b>	<b>1,881,871</b>
<b>Deferred income</b>				
Deferred income at 1 September 2015	80,429	80,429	38,947	38,947
Released during the year	(80,429)	(80,429)	(38,947)	(38,947)
Resources deferred in the year	84,524	84,524	80,429	80,429
Deferred income at 31 August 2016	<b>84,524</b>	<b>84,524</b>	<b>80,429</b>	<b>80,429</b>

Deferred income includes development grants for future spend, insurance premiums and monies relating to the maths hub.



## Notes to the financial statements 31 August 2016

### 18 Funds

The income funds of the Trust include restricted funds comprising the following unexpended balances of grants held for specific purposes:

Group	At 1 September 2015 £	Income £	Expenditure £	Transfers and actuarial gains and losses £	At 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	650,824	13,072,944	(13,430,858)	(102,910)	190,000
Start Up Grant	—	396,000	(232,193)	—	163,807
Pupil Premium	—	787,592	(787,592)	—	—
Other DfE/EFA grants	—	104,319	(72,343)	—	31,976
Pension reserve	(395,000)	—	(36,000)	(724,000)	(1,155,000)
	<u>255,824</u>	<u>14,360,855</u>	<u>(14,558,986)</u>	<u>(826,910)</u>	<u>(769,217)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	3,695,140	—	(150,954)	—	3,544,186
DfE/EFA capital grants	19,958,435	889,097	(1,387,659)	—	19,459,873
Capital expenditure from GAG	—	—	(87,483)	437,413	349,930
	<u>23,653,575</u>	<u>889,097</u>	<u>(1,626,096)</u>	<u>437,413</u>	<u>23,353,989</u>
<b>Other restricted funds</b>					
Local authority grants	—	717,997	(717,997)	—	—
Other restricted funds	—	208,500	(112,899)	—	95,601
	<u>—</u>	<u>926,497</u>	<u>(830,896)</u>	<u>—</u>	<u>95,601</u>
<b>Total restricted funds</b>	<u>23,909,399</u>	<u>16,176,449</u>	<u>(17,015,978)</u>	<u>(389,497)</u>	<u>22,680,373</u>
<b>Unrestricted funds</b>					
General funds	2,244,356	1,022,135	(224,241)	(324,636)	2,717,614
CoLA lettings	—	197,209	(116,671)	(80,438)	100
<b>Total unrestricted funds</b>	<u>2,244,356</u>	<u>1,219,344</u>	<u>(340,912)</u>	<u>(405,074)</u>	<u>2,717,714</u>
<b>Total funds</b>	<u>26,153,755</u>	<u>17,395,793</u>	<u>(17,356,890)</u>	<u>(794,571)</u>	<u>25,398,087</u>

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

#### *Revenue fund*

This fund represents grants received for the Trust's operational activities and development.

#### *Fixed asset fund*

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA and its predecessor bodies and private sponsors

## Notes to the financial statements 31 August 2016

### 18 Funds (continued)

#### *General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 1 discloses whether the limit was exceeded.

#### *Transfers*

The transfer from the EFA revenue reserve to the fixed asset fund represents funds used to purchase items of a capital nature.

#### *Analysis of academies by fund balance*

	2016 £	2015 £
City of London Academy (Southwark)	2,040,557	1,876,689
Redriff Primary School	874,557	1,018,491
Galleywall Primary School	31,976	—
Trust	251,908	—
<b>Total before fixed assets and pension reserve</b>	<b>3,198,998</b>	<b>2,895,180</b>
Restricted fixed asset fund	23,353,989	23,653,575
Pension liability	(1,155,000)	(395,000)
<b>Total for Trust</b>	<b>25,397,987</b>	<b>26,153,755</b>
Subsidiary	100	—
<b>Total for group</b>	<b>25,398,087</b>	<b>26,153,755</b>

### 19 Analysis of net assets between funds

Consolidated and Academy Trust	Unrestricted funds £	Restricted funds		Total 2016 £
		General fund £	Fixed assets £	
<b>Fund balances at 31 August 2016 are represented by:</b>				
Intangible fixed assets	—	—	77,019	77,019
Tangible fixed assets	—	—	22,888,071	22,888,071
Current assets	2,717,714	2,543,062	388,899	5,649,675
Current liabilities	—	(2,061,678)	—	(2,061,678)
Pension scheme liability	—	(1,155,000)	—	(1,155,000)
<b>Total net assets</b>	<b>2,717,714</b>	<b>(673,616)</b>	<b>23,353,989</b>	<b>25,398,087</b>

## Notes to the financial statements 31 August 2016

### 20 Commitments under operating leases

#### *Operating leases*

At 31 August 2016, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2016 £	2015 £
Amounts due within one year	8,219	17,474
Amounts due between two and five years inclusive	3,269	8,219
Amounts due after five years	—	3,269
	<u>11,488</u>	<u>28,962</u>

### 21 Pension and similar obligations

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

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

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

#### *Teachers' Pension Scheme*

##### *Introduction*

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

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

**21 Pension and similar obligations (continued)**

***Teachers' Pension Scheme (continued)***

***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 16.48%, 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 £186,645 (2015 - £410,035).

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

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.

## Notes to the financial statements 31 August 2016

### 21 Pension and similar obligations (continued)

#### *LGPS – City of London Academy (Southwark)*

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

Non-teachers are members of the City of London Corporation's Local Government pension scheme.

Contributions are paid to the Scheme by the Academy to provide for the benefits which will become payable to Scheme members when they fall due. The Academy currently pays employer contributions at an interim rate of 17.2%. A rate which reflects the Academy's liabilities will be determined when the Academy has reached its full staffing complement at the next valuation.

The pension cost is assessed every three years in accordance with the advice of a qualified independent actuary. The latest actuarial valuation of the scheme was at 31 March 2010 and significant facts concerning the whole scheme are given below:

Latest actuarial valuation	31 March 2010
Actuarial method	Projected benefits
Discount rate	6.9%
Salary scale increases per annum	5.0%
Pension increases	3.0%
Market value of assets at date of last valuation	£549.3m
<i>Proportion of members' accrued benefits covered by the actuarial value of the assets</i>	<i>86%</i>

## Notes to the financial statements 31 August 2016

### 21 Pension and similar obligations (continued)

#### *LGPS – Redriff*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £165,000, of which employer's contributions totalled £121,000 and employees' contributions totalled £44,000. The agreed contribution rates for future years are 19.9% for employers and between 5.5% and 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment / inflation	2.00	2.00
Discount rate for scheme liabilities	2.00	3.80
Inflation assumption (CPI)	2.00	2.00

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	21.9	21.9
Females	26.5	26.4
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	28.8	28.7

## Notes to the financial statements 31 August 2016

### 22 Pension and similar obligations (continued)

#### *LGPS – Redriff (continued)*

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,129,000	1,025,000
Bonds	389,000	332,000
Property	339,000	240,000
Cash	27,000	14,000
Other	184,000	—
<b>Total market value of assets</b>	<b>2,068,000</b>	<b>1,611,000</b>
<b>Present value of scheme liabilities</b>		
Funded	(3,223,000)	(2,006,000)
<b>Deficit in the scheme</b>	<b>(1,155,000)</b>	<b>(395,000)</b>

	2016 £	Restated 2015 £
<b>Amounts recognised in statement of financial activities</b>		
Current service costs (net of employee contributions)	144,000	148,000
Net interest cost	13,000	15,000
<b>Total operating charge</b>	<b>157,000</b>	<b>163,000</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	64,000	54,000
Interest on pension liabilities	(77,000)	(69,000)
<b>Pension finance costs</b>	<b>(13,000)</b>	<b>(15,000)</b>

	2016 £	Restated 2015 £
<b>Changes in the present value of defined benefit obligations were as follows:</b>		
At 1 September 2015	2,006,000	1,849,000
Current service cost	144,000	148,000
Interest cost	77,000	69,000
Employee contributions	44,000	44,000
Actuarial loss/(gain)	975,000	(82,000)
Benefits paid	(23,000)	(22,000)
<b>At 31 August 2016</b>	<b>3,223,000</b>	<b>2,006,000</b>

## Notes to the financial statements 31 August 2016

### 21 Pension and similar obligations (continued)

#### *LGPS – Redriff (continued)*

Changes in the fair value of the Trust's share of scheme assets:	2016 £	Restated 2015 £
At 1 September 2015	1,611,000	1,395,000
Interest income	64,000	54,000
Actuarial gain/(loss)	251,000	21,000
Employer contributions	121,000	119,000
Employee contributions	44,000	44,000
Benefits paid	(23,000)	(22,000)
At 31 August 2016	2,068,000	1,611,000

### 22 Contingent liabilities

#### *Funding agreement*

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 23 Related party transactions

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

The Trust holds investments within a pooled fund managed by the Sponsor, the City of London Corporation.

During the year, the City of London Corporation was paid for legal advice and payroll services by the Trust which amounted to £35,263 (2015 - £nil).