



COMMUNITY ACADEMIES TRUST

Annual Report and Financial Statements

Year ended 31 August 2016

ONLINE at:

www.communityacademiestrust.org

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)



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Community Academies Trust (CAT)

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Community Academies Trust (CAT)

Reference and Administrative Details

CAT Members

Mr. S Atkins
Mr. N Bratt
Mr. B Dimbleby
Mr. P Hamilton
Mr. S Mason
Mr. E May

CAT Trustees / Directors

Mr. S Atkins (Chair)
Mrs A Bardsley (appointed 10 December 2015)
Mr. N Bratt
Mr. B Dimbleby
Mrs. L Grinham
Mr. P Hamilton (CEO and Accounting Officer)
Mr. S Mason
Mr. E May
Mr. R Vernon (appointed 28 June 2016)
Rev S Wallis

Company Secretary

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

Senior Management Team

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

Mr. P Hamilton

Mr. E May
Mrs A Bardsley

- Head of School, The Polesworth School
- Head of School, Birchwood Primary School
- Head of School, Dordon Primary School
- Head of School, Wood End Primary School
- Head Teacher, Woodloes Primary School
- Head of School, Budbrooke Primary School
- Executive Head of School, The Telford Langley School & The Telford Park School
- Head of School, The Telford Park School
- Head of School, The Telford Priory School
- Head Teacher, Grange Park Primary School
- Head of School, Stratford Primary School

Mrs M Favell
Mr. N Coleman
Mrs M Cross
Mrs C Hadley
Mr. A Mitchell
Mr. J Stone
Mr. S Carter

Mrs H Rigby
Mrs S Jordon
Mr. R Thorpe
Mrs E Cox

Registered Office

Dordon Road
Dordon
Tamworth
Staffs
B78 1QT

Company registration number

07472736

Auditors

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

Bank

Lloyds
9 Birmingham Road
Sutton Coldfield
B72 1QA

Community Academies Trust (CAT)
Reference and Administrative Details
(continued)

Solicitors

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

Internal Auditor

Dains Accountants
15 Colmore Row
Birmingham
B3 2BH

Directory of Academies
year ended 31 August 2016

The Polesworth School
Dordon Road
Dordon
Tamworth
B78 1QT

Grange Park Primary School
Calcott
Stirchley
Telford
TF3 1YQ

Birchwood Primary School
Birchwood Avenue
Dordon
Tamworth
B78 1QU

Stratford-upon-Avon Primary School
Broad Street
Stratford-upon-Avon
CV37 6HN

Dordon Community Primary School
Roman Way
Dordon
Tamworth
B78 1PJ

The Telford Park School
Grange Avenue
Stirchley
Telford
TF3 1FA

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

The Telford Priory School
New Road
Wrockwardine Wood
Telford
TF2 7AB

Budbrooke Primary School
Styles Close
Hampton Magna
Warwick
CV35 8TP

The Telford Langley School
Duce Drive
Dawley
Telford
TF4 3JS

Woodloes Primary School
Deansway
Warwick
CV34 5DF

Community Academies Trust (CAT)

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

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

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

Members' Liability

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

Trustees' Indemnities

The Trust makes use of the Government's Risk Protection Arrangement for Academies and the indemnities therein.

Method of Recruitment and Appointment or Election of Trustees

The members appoint Trustees in accordance with the provisions in the Articles of Association.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

The Community Academy Trust's board of Trustees govern the work of the academies across the Trust. They comprise 10 trustees that between them govern the full range of activity required by the Trust. These include specialists in HR, Financial Management, Estates and infrastructure, Education and School Improvement.

Most of our academies have a Local Governing Body (LGB) comprising 9 governors for a primary academy and 13 governors for a secondary academy. Where an academy is in challenging circumstances, it is governed by an Education Advisory Board (EAB) consisting of Main Trust Board representatives, local stakeholders and school improvement experts who drive through rapid change to turn around provision. This EAB is disbanded once the academy is settled and a LGB instated.

Each academy has a Headteacher with a Strategic Leadership Team. This SLT and other leaders ensure strong and clear lines of accountability and the easy flow of information about the quality of provision. They are responsible for the delivery of the improvement plans and contribute to their formulation and implementation.

Further information on this work is described later in this report under Objectives, Strategies and Activities.

Community Academies Trust (CAT)

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

A Remuneration Committee of the Trustees is responsible for setting the pay of the executive leaders of the Trust. It does this by benchmarking against advertised rates and bearing in mind the skillsets of staff and regional marketplace. Also considered is the requirement to maintain differentials in internal structures and the weight of responsibility attached to the role.

Headteachers and Heads of School have their pay determined under the School Teachers Pay and Conditions document and related to the Individual Salary Range (ISR) attached to the school, personal performance and the requirements of TUPE.

Related Parties and other Connected Charities and Organisations

MLG Education Services Limited

This is a company in which Mr. S Atkins (a trustee of the trust) has an interest. Mr. Atkins holds an effective 12% interest in MLG Education Services Limited (formerly Clement Keys Educational Services Ltd). The trust purchases consultant finance director services from MLG Education Services Limited which is disclosed in note 28 of the accounts.

Telford Co-operative Multi-Academy Trust (TCMAT)

This is a company which operated 4 secondary academies within Telford in the 2014/15 and 2015/16 financial years. In early 2015 the DfE requested that a number of trustees, employees and connected persons of Community Academies Trust become trustees of TCMAT. The following people therefore were appointed as trustees of TCMAT from 1 April 2015:

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

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

The Telford Priory School (a new school formed by the amalgamation of Wrockwardine Wood Academy and Sutherland Academy on 1 September 2015)
The Telford Park School (formerly Lakeside Academy)
The Telford Langley School (formerly The Phoenix Academy)

Having successfully transferred the schools in TCMAT to CAT, on 20th November 2015 all of the above people resigned as trustees of TCMAT.

Further information can be found in notes 28 and 31 of the accounts.

Objectives and Activities



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

Objectives and Aims

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

Everything we do is orientated around ensuring excellent community education for children and young adults aged 3 to 18.

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

Achievement is in three main areas:

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

Our Community

We serve a diverse range of communities in Warwickshire including Polesworth, Warwick, Stratford upon Avon and nearby Warwickshire villages. We also serve communities in Telford and look forward to serving communities in Tamworth (Wilnecote) and Lichfield. Our Academies in the year under review, in order of size by pupil numbers:

The Polesworth School (11-18), The Telford Priory School (11-16), The Telford Langley School (11-16), Birchwood Primary School (3-11), Grange Park Primary School (3-11), Woodloes Primary School (3-11), The Telford Park School (11-18), Budbrooke Primary School (3-11), Dordon Community Primary School (3-11), Stratford upon Avon Primary School (3-11) and Wood End Primary School (3-11).

Community Academies Trust

Trustees' Report (continued)

Objectives, Strategies and Activities



We are a growing Academy Trust, rated very highly by the DfE for our successful work in school improvement. The profile of our Trust has changed significantly this year as we have assumed responsibility for improving four schools judged inadequate by OFSTED as well as welcoming a high performing converter academy. In this context, two of the schools are subject to HMI monitoring and between them have had four OFSTED inspections. OFSTED confirm the schools, The Telford Langley School (formerly Phoenix Academy) and The Telford Park School (formerly Lakeside Academy) are improving with both schools' latest inspections noting that "Leaders are taking effective action towards the removal of special measures". In all the inspection reports the support and leadership of Community Academies Trust has been recognised:

The Telford Park School (Disadvantaged – 57.5%) – Special Measures at point of conversion on 1st November 2015, OFSTED APRIL 2016 –

"The network of academies across the Community Academies Trust provides valuable support for leaders and teachers. Key systems adopted by the academy have been drawn from successful examples used in other academies within the trust. Leaders benefit from ongoing support that is helping them to embed and facilitate the smooth operation of these systems and procedures. Vital work has been undertaken across the trust to secure the accuracy of the academy's assessment information. As a result, this information is increasingly trustworthy. A recently conducted peer review has provided a useful external check of leaders' progress and the quality of teaching across the academy. This has confirmed the accuracy of leaders' self-evaluation."

The Telford Langley School (Disadvantaged – 52%) – Special measures at point of conversion on 1st November 2015, OFSTED APRIL 2016.

"The Community Academies Trust has played a crucial role in establishing the vision, core systems, structures and operating procedures of the school since September. Leaders have adopted these systems effectively, and they have been instrumental in helping to bring about improvements. On-going support, enabled by the sharing of expertise from across the schools within the trust, is helping leaders to learn from, and share, good practice. A recently conducted peer review of the school's work has validated leaders' self-evaluation, providing an accurate appraisal of the school's work."

The other two schools that have joined our Trust are Grange Park Primary School in Telford currently rated good and high performing and Stratford upon Avon Primary School, currently rated inadequate by Ofsted.

Our trust is also financially secure and well placed to continue to fulfill the Trust's objectives of school improvement in the interests of excellent community education.

With this in mind the activities planned this coming year include:

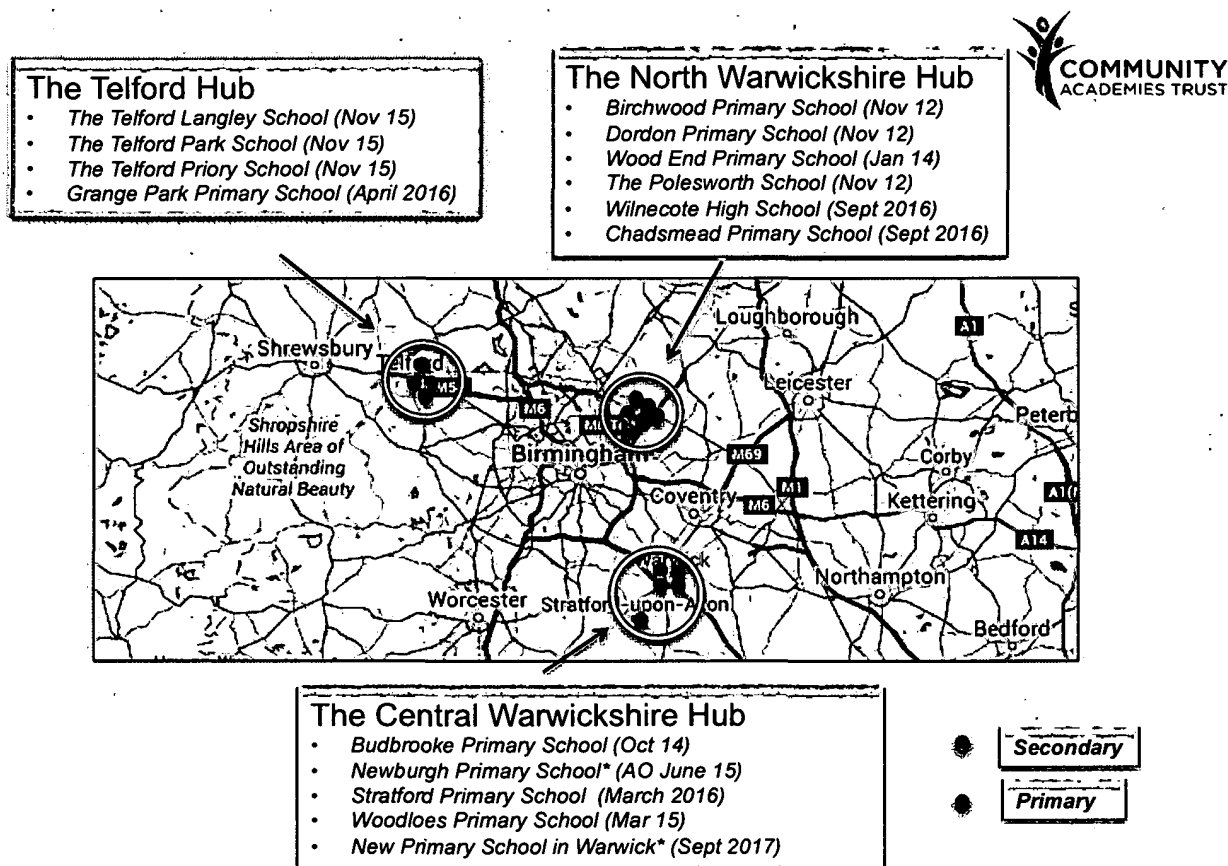
- The sponsorship of a further secondary and primary school in Tamworth and in Lichfield. Wilnecote High School joined our Trust on 1st September 2016 as did Chadsmead Primary Academy. Both schools are currently judged inadequate by Ofsted.
- We were also successful in our bid last year to open a free school presumption in Warwick. This two-form entry primary school will open to students in September 2017.

Community Academies Trust

Trustees' Report (continued)

Organisational Structure

Our vision is that our academies are led, managed and governed in groups that we call hubs. The following picture describes the schools in the trust including those that join us on 1st September 2016 and Newburgh Primary School with whom we are currently in talks following the issuing of an academy order in 2015.



Education is for improving lives and for leaving your community and world better than you found it

Each academy is a member of a School Improvement Hub that will be governed by a Hub Governing Body (HGB) that comprises the Headteacher from each academy as well as the Chair of the Local Governing Body from each academy. Two members of the Main Trust Board will also be on this HGB and provide direct governance of LGB effectiveness and school improvement. The HGB ensures academies support each other to improve and mobilises talent within and beyond the hub to ensure all academies are supported to improve. The hub structure has been put in place but are yet to meet where the majority of schools in the hub are subject to intervention.

Our ethos is to ensure the best local leaders lead local education provision (refer to www.communityacademiestrust.org). On this basis we have evolved our governance structure to put it as close to provision as possible. The governance arrangements will ensure small local governing bodies are monitored for effectiveness through the Hub Governing Body (HGB). This HGB is tasked with the roles of; monitoring the performance of the academies and their governing bodies; enabling consultation and dialogue with the main trust board and other academies in the hub and ensuring schools in the hub support each other or seek wider support from the Trust to ensure continuous school improvement.

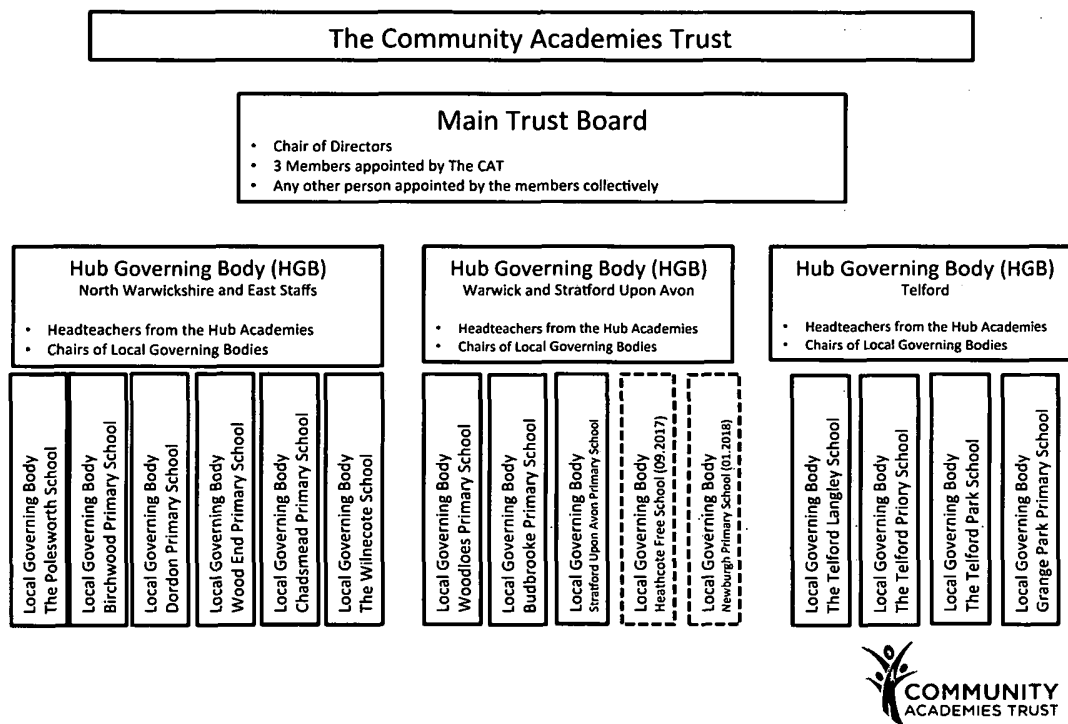
Governors in our school are different from traditional governors in that they can be thought of as 'Guardians of Standards'. Our trust enables them to be free to focus entirely on holding the academies to account for the standards they achieve in teaching, behaviour, leadership and academic results,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

Community Academies Trust

Trustees' Report (continued)

The following diagram describes this approach:

The Community Academies Trust – September 2016



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

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

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

Community Academies Trust

Trustees' Report (continued)

Public Benefit

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



Strategic Report

Achievements and Performance

The Polesworth School and Birchwood Primary School



Both schools currently judged by OFSTED as outstanding providers were designated as National Teaching Schools this year and are building an alliance of schools across the Midlands to form a network of professional excellence in the areas of initial teacher training and school to school support. There are only 700 Teaching Schools nationally out of 24,000 schools. National Teaching Schools take a leading role in recruiting and training new entrants to the profession. They identify and develop leadership potential; they provide support for other schools, and work with schools across their alliance to raise standards of teaching.

The Polesworth School and Birchwood Primary School are two of 54 schools in England to be granted teaching school status in the latest round.

Introduced in 2011, Teaching Schools are all rated as "outstanding". They work with partner schools in an alliance to ensure high quality school-led initial teacher training and professional development opportunities for teachers at all stages of their career.

They raise standards through supporting other schools, engage in research and development, and ensure that the most talented school leaders are spotted and supported to become successful headteachers.

Roger Pope, Chair of the National College for Teaching and Leadership, which has responsibility, in partnership with Headteachers from the Teaching Schools Council, for the designation and quality of the teaching schools programme said:

"I'd like to congratulate both The Polesworth School and Birchwood Primary School - they should be very proud of this achievement. Teaching schools have shown themselves to be at the heart of school improvement. They're supporting other schools, attracting and training the best new teachers and developing the next generation of leaders."

Both Philip Hamilton (CAT CEO) and Edward May (CAT Director of Education) have also been recognised as National Leaders of Education.

Community Academies Trust

Trustees' Report (continued)

Key Performance Indicators

Primary Academies

Attainment and progress at KS2

This year the DfE have introduced new testing arrangements for young people as they come to the end of their studies in Year 6. The SAT tests no longer provide levels of achievement information and the levels per se have been removed from all assessment measures. Year 6 children now receive a standardised score. The cohort is also assessed for progress in Reading, Writing and Mathematics. The outcomes cannot be compared to previous years' results as every aspect of the assessment including the national expectations has changed.

Academy	Date Academy joined CAT	Sponsor / converter	Achieving National Expected Standard of ATTAINMENT			Expected PROGRESS			Achieving National Expected ATTAINMENT	Above floor?
			Reading %	Writing %	Maths %	Reading %	Writing %	Maths %	VGPS %	
Birchwood	01/11/2012	Converter	64	90	61	-1.4	3.3	-1.3	82	Y
Dordon	01/11/2012	Sponsored	52	76	52	-0.3	4	0.2	79	Y
Grange Park	01/04/2016	Converter	63	69	79	-0.5	-3.6	0.7	71	Y
Stratford	01/03/2016	Sponsored	70	73	70	-0.6	-1.5	-1.3	85	Y
Wood End	01/01/2014	Sponsored	37	79	37	-6.3	-1.6	-4.3	68	N
Woodloes	01/03/2015	Converter	69	84	78	3.1	4.4	3.9	80	Y
Budbrooke	01/10/2014	Sponsored	67	76	69	-0.1	-0.3	-1.0	84	Y

Secondary Academies

Attainment and Progress at KS4

The overall profile of outcomes across the Trust has changed significantly from reflecting the results of one outstanding provider to four academies, three of which joined us this year and were judged inadequate by OFSTED prior to their arrival. The academies in Telford are going through the early stages of school improvement and culturally are rapidly improving. Outcomes for Year 11, where the previous four years of provision has been inadequate show some early signs of improvement. The Telford Langley School has shown a significant step forward and has been implementing their own and CAT strategies for the longest period of time. Both Priory and Park have had significant leadership challenges which the strong governance provided by CAT has resolved. Priory is in its first year of operation as a new academy formed as a result of the amalgamation of the two failed academies – Wrockwardine Wood and Sutherland Academies. The results below, heavily skewed by a very low performance in mathematics reflect the challenges experienced by leaders of bringing two distinct communities together each with engrained negative cultures and poor attitudes towards education.

Academy	ATTAINMENT			PROGRESS			Above Floor?*
	A*-C (E&M)	EBacc	Attainment 8	English	Maths	Progress 8	
The Polesworth School	60	35	52	81	73	0.20	Y
The Telford Langley School	47	8	45	60	53	-0.36	Y
The Telford Priory School	40	13	42	70	38	-0.69	N
The Telford Park School	24	0	39	43	30	-0.84	N

*The floor target is defined as a Progress 8 score below -0.5.

Community Academies Trust

Trustees' Report (continued)

A Level Results

Attainment (national average for 2015 in brackets).

3A*-E: 88% (79)

2A*-E 95% (92)

Early analysis of progress prior to re-marks suggest that the Level 3 Value Added is significantly above national average for A Level, continuing the overall trend over the last 5 years.

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for tangible fixed assets. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £29.7 million (2015: £14.2 million) was covered by recurrent grant funding from the EFA together with other incoming resources resulting in total incoming resources of £69.9 million (2015: £18.5 million). This comprises £40.5m brought into the Trust on conversion or business combination and £29.4m relating to existing operations. Excluding transactions involving fixed assets and pension liabilities the excess of income over expenditure for the year was £1.4m (2015:£0.1m). This included reserves inherited from schools joining the Trust of £0.4m (2015: £0.2m)

At 31 August 2016 the net book value of tangible fixed assets was £66.0 million (2015: £20.5 million) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

At 31 August 2016 the LGPS pension liability was £16.7m (2015: £3.8m). This significant increase was mainly due to schools joining the trust (£6.0m) and to changes in actuarial assumption (£7.3m). Full details are shown in note 27. Directors intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due.

Financial and Risk Management Objectives and Policies

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, site visits and department visits) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Community Academies Trust

Trustees' Report (continued)

Reserves Policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to support the Trust's growth. Directors currently target that the level of reserves held should be sufficient to cover both 1 month's salary costs plus any known commitments. Note 18 analyses the reserves of the Trust between the constituent academies and the central team.

At 31 August 2016, reserves held by the Trust were as follows:

Restricted Fixed Assets	£66.5m
Restricted general excluding Pensions	£ 2.0m
Restricted pension	(£16.7m) (deficit)
Unrestricted	£ 0.9m
Total	£52.7m

The balance held on restricted fixed assets included £0.5m of Condition Improvement Grants received, earmarked for specific projects, which it is expected to spend within the next financial year. The remainder of the restricted fixed assets fund (£66.0m) can only be realised by disposing of tangible fixed assets.

Restricted general funds (excluding pensions) includes £0.5m of grants received earmarked for school improvement work which it is anticipated will be spent within the next 24 months. The rest of the balance on both restricted general funds and unrestricted funds will be used for educational purposes in accordance with the objects of the Trust.

As with many members of the LGPS the pension scheme is in deficit. Directors intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due. It is anticipated that employer contributions into the fund will rise in future years.

Investment Policy

Directors believe that risk-free bank deposit accounts are the most appropriate place to invest surplus cashflow. Advice is taken from the Trust's bankers and funds invested as follows:

Working capital is invested in a bank current account or equivalent. A balance of at least one month's salary costs is maintained. It is recognised that a small amount of interest is payable on this balance but our bankers offer academies free banking which results in this lower interest rate.

Surplus cash is invested in a mixture of 12 month notice and 1 month notice accounts with a UK based banking provider to earn higher interest rates than on the current account but to stagger easy access to funds over the year to meet cashflow requirements.

Any interest earned is paid into the CAT central budget to benefit all schools within our Trust proportionally to their contribution.

Balances invested are reported to Directors on a termly basis.

Directors do not intend to invest reserves in stocks and shares or other volatile investments as they do not feel these represent an acceptable level of risk to the Trust.

Community Academies Trust

Trustees' Report (continued)

Principal Risks and Uncertainties

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

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

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

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

Plans for Future Periods

The Trust's growth model is based around the governance of school improvement hubs as described earlier in this report. We have decided that an optimum size for a hub is 6 academies and therefore the hub in North Warwickshire will be at capacity in September 2016 as The Wilnecote School and Chadsmead Primary Academy join the Trust. The two other hubs do have space for further academies to join them if they are in the same geographical vicinity. The hub model can also be replicated and growth decisions going forward will be based on groups of academies forming new hubs rather than growth via isolated single academies.

The Trustees have also identified this growth as a further means of developing capacity and would envisage any new hub joining our organisation would bring with it sufficient capacity to fulfill the expectation of a self improving group of academies. By growing in this way within a single Multi Academy Trust, the Trust feels that it will be better placed to meet the challenges posed by changes to school funding arrangements, and levels of income (for example, further pension contributions, Post 16 funding reductions, Education Services Grant decline) and changes likely to affect our fixed costs which continue to rise in line with pay rises and incremental drift in staff salaries.

Funds Held as Custodian Trustee on behalf of others

The Trust held funds on behalf of the North Warwickshire Secondary School Consortium at the start of the year. The Trust ceased to hold these funds in July 2016. The Trust also holds funds on behalf of the Telford & Wrekin Primary School PE Association. Both these organisations exist to improve educational provision in their respective communities and so are aligned with the objectives of the Trust. The Academy Trust also distributes 16-19 bursary funds to students as an agent for the EFA. Financial information is provided in note 32 to the accounts.

Employees and disabled persons

As the Trust employs over 250 persons it is required to have a policy in respect of applications for employment for disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons. This policy can be accessed on the Trust website.

The mechanism for the Trust to consult with employees on matters affecting them is the Hub governance system. During the year a number of policies have been adopted following consultation.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Community Academies Trust

Trustees' Report (continued)

Statement as to disclosure of information to auditors

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

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 6 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. Atkins', with a long horizontal flourish extending to the right.

Mr. S Atkins

Chair of Trustees

6th December 2016

Community Academies Trust

Governance Statement

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Community Academies Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The main board of directors met 3 times during the year. Attendance at meetings during the year was as follows:

Director	Meetings attended	Out of a possible
Mr. S Atkins (Chair)	3	3
Mr. N Bratt (Vice Chair)	3	3
Mr. B Dimpleby	1	3
Mrs. L Grinham	3	3
Mr. P Hamilton	3	3
Mr. S Mason	3	3
Mr. E May	3	3
Rev. S Wallis	3	3
Mrs. A Bardsley	2	2
Mr. R Vernon	0	0

Governance reviews

The governance of the Trust has been reviewed during the year. This has led to increased use of EABs to improve schools judged as inadequate by Ofsted and the evolution of the hub governance structure. Governance will be further reviewed in 2016/17 including a proposal to update the Articles of Association.

Audit Committee

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

The role of the Audit Committee is to maintain an oversight of the Academy Trust's governance, risk management, internal control and value for money framework. It will report its findings to the Board of Directors.

The Audit Committee has this year:

- Received audited accounts and Management letter for 2014/15 academic year
- Received Internal audit reports on financial and other risks
- Reviewed budget plans for Community Academies Trust

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

Director	Meetings attended	Out of a possible
Mr. S Atkins	3	3
Mr. B Dimpleby	3	3
Mr. S Mason	2	3

Community Academies Trust

Governance Statement (continued)

Review of Value for Money

As accounting officer, the chief executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- improving educational provision in our schools. This is supported by the Ofsted judgments received and therefore represents increased value for money for taxpayers.
- attracting other schools through our successes to join the Trust and this should help us to achieve future economies of scale.
- the provision of gas to our schools has been reviewed leading to a saving of 18%.
- a framework for the provision of multi-functional devices has also been agreed leading to significant reductions in click charges.
- Substantial building works to roofs and windows have been carried out at our older schools, funded by the Condition Improvement Fund. This has led to demonstrable reductions in energy consumption as well as a more pleasant working environment. A further 3 projects are underway in the summer of 2016 which we anticipate will lead to further savings in future years.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Community Academies Trust for the year to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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

Community Academies Trust Governance Statement (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint individual specialists to act as internal auditor on specific matters as directed.

Internal auditors performed a range of checks on the Academy Trust's financial systems. A sample of schools have been visited over the course of the year and a targeted review undertaken. The Board of Directors receive a report through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

During the period September 2015 to August 2016 there were 5 themed risk reviews concerning the following:

- review of the processing of non-grant income carried out by RB Chartered Accountants
- review of compliance with the purchase ledger processes carried out by Dains Chartered Accountants
- review of Health & Safety compliance carried out by WES Services and Telford & Wrekin Council
- Security assessments of the 3 Telford secondary schools in light of joint use arrangements carried out by Arthur J Gallagher
- Safer recruitment reviews carried out by WES Services and by internal staff

The schedule of work as planned by the Audit Committee has been delivered as expected. Any control issues highlighted have been or are being resolved.

Review of Effectiveness

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

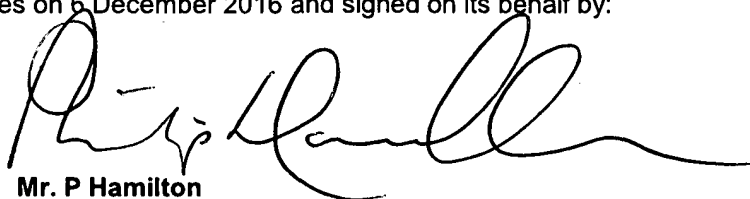
- The work of the themed risk reviews
- The work of the external auditor
- The work of the Finance Director and finance team who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of Trustees on 6 December 2016 and signed on its behalf by:



Mr. S Atkins
Chair of Trustees



Mr. P Hamilton
Accounting Officer

Community Academies Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of Community Academies Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Mr. P Hamilton
Accounting Officer

6th December 2016

Community Academies Trust

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Community Academies Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of Trustees on 6 December 2016 and signed on its behalf by:



Mr. S Atkins

Chair of Trustees

Community Academies Trust

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

We have audited the financial statements of Community Academies Trust for the year ended 31 August 2016 on pages 22 to 49. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who act as Governors of Community Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other requirement of the Companies Act 2006

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

Community Academies Trust

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

Matters on which we are required to report by exception

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

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



Philip Coleman (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

14 December 2016

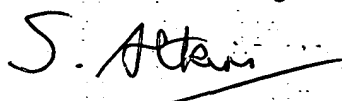
Community Academies Trust
Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	75	43	1,035	1,153	1,100
Transfer from local authority on conversion	30	139	(1,012)	2,763	1,890	4,167
Business combinations	31	220	(4,944)	43,311	38,587	-
Charitable activities						
Funding for the Academy Trust's educational operations	3	1,047	26,923	-	27,970	12,381
Other trading activities	4	270	-	-	270	834
Investments	5	11	-	-	11	3
Total		1,762	21,010	47,109	69,881	18,485
Expenditure on:						
Raising funds	6	(270)			(270)	
Charitable activities:						
Academy Trust educational operations	7	(1,078)	(26,357)	(1,981)	(29,416)	(14,232)
Total		(1,348)	(26,357)	(1,981)	(29,686)	(14,232)
Net income / (expenditure)		414	(5,347)	45,128	40,195	4,253
Transfers between funds	18	-	(99)	99	-	-
Other recognised gains / (losses)						
Actuarial gains /(losses) on defined benefit pension schemes	27	-	(6,386)	-	(6,386)	115
Net movement in funds		414	(11,832)	45,227	33,809	4,368
Reconciliation of funds						
Total funds brought forward	18	439	(2,821)	21,308	18,926	14,558
Total funds carried forward		853	(14,653)	66,535	52,735	18,926

Community Academies Trust
Company Number 07472736
Balance Sheet as at 31 August 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Tangible assets	12	65,990	20,538
Other investments	13	2,007	-
Current assets			
Stock	14	-	3
Debtors	15	1,193	391
Cash at bank and in hand	25	3,496	2,993
		<u>4,689</u>	<u>3,387</u>
Current liabilities			
Creditors: Amounts falling due within one year	16	(3,214)	(1,132)
Net current assets		<u>1,475</u>	<u>2,255</u>
Total assets less current liabilities		<u>69,472</u>	<u>22,793</u>
Creditors: Amounts falling due after more than one year	17	(29)	(32)
Net assets excluding pension liability		<u>69,443</u>	<u>22,761</u>
Pension scheme liability	27	(16,708)	(3,835)
Total net assets		<u>52,735</u>	<u>18,926</u>
Funds of the Academy Trust:			
Restricted income funds			
▪ Fixed asset fund	18	66,535	21,308
▪ General fund	18	2,055	1,014
▪ Pension reserve	18	(16,708)	(3,835)
Total restricted funds		<u>51,882</u>	<u>18,487</u>
Unrestricted income funds			
▪ General fund	18	853	439
Total unrestricted funds		<u>853</u>	<u>439</u>
Total funds		<u>52,735</u>	<u>18,926</u>

The financial statements on pages 22 to 49 were approved by the trustees, and authorised for issue on 6 December 2016 and are signed on their behalf by:



Mr. S Atkins
Chair of Trustees

Community Academies Trust
Statement of Cash Flows for the Year Ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	978	129
Cash flows from investing activities	23	(2,313)	723
Cash flows from financing activities	24	(3)	17
Cash transferred on acquisitions	30 31	1,841	187
Change in cash and cash equivalents in the reporting period		503	1,056
Cash and cash equivalents at 1 September 2015		2,993	1,937
Cash and cash equivalents at 31 August 2016		3,496	2,993

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

Community Academies Trust is a charitable company incorporated in the UK. The address of its principal place of business is given in page 1 and the nature of its operations is set out in the Trustees' Report.

1. Statement of accounting policies

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

Basis of Preparation

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

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

The financial statement are presented in sterling which is also the functional currency of the Academy Trust.

First time adoption of FRS 102

These financial statements are the first financial statements of Community 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 Community 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 trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 34.

Going Concern

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Incoming Resources

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

▪ Grants

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

General Annual Grant is recognised in full in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

▪ Donations

Donations are recognised on a receivable basis (where there 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 Academy Trust has provided the goods or services.

▪ Donated goods, facilities and services

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

▪ Interest

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

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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

▪ Expenditure on Raising Funds

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

▪ Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	33.3% (3 years)
-----------------------------	-----------------

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings	2% (50 years)
Long leasehold buildings	2% (50 years)
Furniture and equipment	10-15% (6-10 years)
Computer equipment	33.3% (3 years)
Motor Vehicles	25% (4 years)

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation toward its own administration costs and this is recognised in the statement of financial activities. The funds received are paid and any balances held are disclosed in note 32.

The Trust held funds on behalf of the North Warwickshire Secondary School Consortium at the start of the year. The Trust ceased to hold these funds in July 2016. The Trust also holds funds on behalf of the Telford & Wrekin Primary School PE Association. Both these organisations exist to improve educational provision in their respective communities and so are aligned with the objectives of the Trust. Financial information is provided in note 32 to the accounts. No fee is taken for administration costs.

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments, which is disclosed in note 33.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Short-term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	989	989	1,063
Donated fixed assets	-	46	46	-
Other donations	75	43	118	37
Total 2016	75	1,078	1,153	1,100
Total 2015	25	1,075		1,100

Donations from a local authority on conversion or from a predecessor Academy Trust on business combination are shown in notes 30 and 31.

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	23,221	23,221	11,015
Other DfE/EFA grants	-	3,222	3,222	1,208
	-	26,443	26,443	12,223
Other Government grants				
Local Authority grants	-	309	309	158
DWP grants	-	1	1	-
		310	310	158
Other income from the Academy Trust's educational operations				
School trips	526	-	526	-
Catering income	314	-	314	-
Other income	207	170	377	-
	1,047	170	1,217	-
Total 2016	1,047	26,923	27,970	12,381
Total 2015	-	12,381		12,381

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
School trips	-	-	-	298
Hire of facilities	195	-	195	58
Catering income	17	-	17	281
Other income	58	-	58	197
Total 2016	270	-	270	834
Total 2015	683	151		834

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short-term deposits	11	-	11	3
Total 2016	11	-	11	3
Total 2015	3	-	-	3

6. Expenditure

	Staff Costs £000	Non Pay. Expenditure Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	83	29	158	270	-
Academy Trust educational operations					
▪ Direct costs	18,277	1,981	3,082	23,340	11,037
▪ Allocated support costs	3,048	784	2,244	6,076	3,195
Total 2016	21,408	2,794	5,484	29,686	14,232
Total 2015	10,609	1,401	2,222	-	14,232

The expenditure on raising funds and educational operations was £29,686,000 (2015: £14,232,000) of which £1,348,000 was unrestricted (2015: £692,000), £26,357,000 restricted (2015: £12,896,000) and £1,981,000 restricted fixed assets (2015: £644,000)

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating lease rentals	52	29
Depreciation	1,981	644
Fees payable to auditor for		
- audit	37	33
- other services	-	3

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7. Charitable Activities- Academy Trust educational operations

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	23,340	11,037
Support costs – educational operations	6,076	3,195
	<u>29,416</u>	<u>14,232</u>

Analysis of support costs

	Total 2016 £000	Total 2015 £000
Support staff costs	3,048	1,744
Technology costs	20	11
Premises costs	785	757
Other support costs	2,132	566
Governance costs	91	117
	<u>6,076</u>	<u>3,195</u>

8. Staff numbers and costs

a. Staff costs

	2016 £000	2015 £000
Wages and salaries	16,340	8,213
Social security costs	1,300	556
Operating costs of defined benefit pension schemes	2,865	1,471
Total Staff costs	<u>20,505</u>	<u>10,240</u>

Other Costs

Supply teacher costs	732	278
Staff restructuring costs	171	13
Total	<u>21,408</u>	<u>10,531</u>

Staff restructuring costs comprise:

Redundancy payments	125	-
Severance payments	46	13
Other restructuring costs	-	-
	<u>171</u>	<u>13</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totalling £46,000 (2015: £12,619). Individually the payments were: £17,100, £16,000, £9,000 and £3,900.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

c. Staff numbers

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

	2016 Number	2015 Number
Teachers	256	151
Administration and support	404	244
Management	50	21
	<u>710</u>	<u>416</u>

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

	2016 Number	2015 Number
Teachers	235	137
Administration and support	294	154
Management	45	19
	<u>574</u>	<u>310</u>

d. Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	9	3
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£120,001 - £130,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
	<u>12</u>	<u>6</u>

One of the above employees participates in the Local Government Pension Scheme and all of the other above employees participated in the Teachers' Pension Scheme. Both are defined benefit schemes.

e. Key management personnel

The key management personnel of the Academy Trust comprise the CEO, Director of Education, Finance Director and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,144,931 (2015: £663,165).

9. Related Party Transactions - Trustees' Remuneration & Expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust. The Chief Executive, Director of Education and other staff trustees only receive remuneration in respect of services they provide undertaking their roles of Chief Executive, Director of Education, Finance Director and as a staff member under their contracts of employment.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

	2016 £	2015 £
Remuneration		
Mr. P Hamilton (Chief Executive)	143,333	135,032
Mr. E May (Director of Education)	120,000	121,277
Mrs. A Bardsley (Finance Director)	65,698	1,413
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	12,641	3,979
Employer's pension contribution		
Mr. P Hamilton (Chief Executive)	23,621	16,967
Mr. E May (Director of Education)	19,776	13,784
Mrs. A Bardsley (Finance Director)	14,454	310
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	2,781	232

During the year ended 31 August 2016, travel and subsistence expenses totaling £5,942 (2015: £3,482) were reimbursed to three trustees (2015: four trustees).

10. Central services

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

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

The trust charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Birchwood Primary School	52	50
Budbrooke Primary School	33	31
Dordon Primary School	25	23
Grange Park Primary School	24	-
Stratford-upon-Avon Primary School	13	-
The Telford Langley School	99	-
The Telford Park School	74	-
The Telford Priory School	171	-
The Polesworth School	243	241
Wood End Primary School	19	17
Woodloes Primary School	53	22
	806	384

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11. Trustees and officers insurance

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

12. Tangible Fixed Assets

	Freehold Land & Buildings £000	Long Leasehold Land & buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2015	-	21,610	291	642	9	22,552
Assets on conversion or business combination	42,291	952	1,791	1,027	13	46,074
Additions	-	1,187	61	111	-	1,359
At 31 August 2016	42,291	23,749	2,143	1,780	22	69,985
Depreciation						
At 1 September 2015	-	1,430	123	454	7	2,014
Charged in period	612	509	345	507	8	1,981
At 31 August 2016	612	1,939	468	961	15	3,995
Net book values						
At 31 August 2016	41,679	21,810	1,675	819	7	65,990
At 31 August 2015	-	20,180	168	188	2	20,538

The trust's transactions relating to land and buildings included:

- The acquisition of the freehold at Grange Park Primary School which was donated to the trust at a value of £1.8m.
- The acquisition of the freehold at The Telford Langley School which was donated to the trust at a value of £19.0m.
- The acquisition of the freehold at The Telford Park School which was donated to the trust at a value of £10.6m.
- The acquisition of the freehold at The Telford Priory School which was donated to the trust at a value of £10.9m.

13. Other Investments

	2016 £000	2015 £000
One year deposit with Lloyds bank	2,007	-

14. Stock

	2016 £000	2015 £000
Stationery and books	-	3

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15. Debtors

	2016	2015
	£000	£000
Trade debtors	327	43
VAT recoverable	198	103
Prepayments and accrued income	668	245
	1,193	391

16. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	931	308
Taxation and social security	422	171
Other creditors	412	187
Accruals and deferred income	1,449	466
	3,214	1,132

	2016	2015
	£000	£000
Deferred income		
Deferred income at 1 September	241	246
Released from previous year	(241)	(246)
Resources deferred in the year	658	241
Deferred income at 31 August	658	241

At the balance sheet date the Academy Trust was holding funds received in advance for grants and upfront payments made for trips that took place after the year end.

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

	2016	2015
	£000	£000
Other creditors	29	32
	29	32

Included within other creditors are "Salix" loans the trust holds from the Government. The total amount owed as at 31 August 2016 is £33,496, of which £4,898 is repayable in the next financial year, and the balance payable up to March 2024. Salix loans are provided to support energy efficient capital investment and no interest is charged.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18. Funds

	At 1 September 2015 £000	Assets/ (liabilities) acquired on conversion £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2016 £000
Restricted general funds						
General Annual Grant (GAG)	-	-	22,639	(22,540)	(99)	-
Pupil Premium	-	-	1,377	(1,377)	-	-
Pension reserve	(3,835)	(1,012)	-	(5,475)	(6,386)	(16,708)
Other grants	1,014	-	2,950	(1,909)	-	2,055
	(2,821)	(1,012)	26,966	(31,301)	(6,485)	(14,653)
Restricted fixed asset funds						
DfE/EFA capital grants	2,481	-	989	(1,981)	-	1,489
Transfer on conversion	18,827	2,763	-	-	-	21,590
Transfer on business combination	-	-	43,311	-	-	43,311
Asset donation	-	-	46	-	-	46
Capital Expenditure from GAG	-	-	-	-	99	99
	21,308	2,763	44,346	(1,981)	99	66,535
Total restricted funds	18,487	1,751	71,312	(33,282)	(6,386)	51,882
Total unrestricted funds	439	139	1,623	(1,348)	-	853
Total funds	18,926	1,890	72,935	(34,630)	(6,386)	52,735
Total funds 2015		4,167	14,319	(14,176)	58	18,926

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

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

Restricted general funds

The balance of £2,055,000 on the restricted general funds (excluding pension reserve) includes £463,000 of grants which are earmarked for specific ongoing expenditure. These, along with the remaining balance on this fund will be used for educational purposes in accordance with the restrictions attached to the funding, as will the balance of £853,000 held on unrestricted funds.

The Pension reserve of (£16,708,000) (overdrawn) represents the Academy Trust's share of the deficits in the LGPS Pension funds in Warwickshire & Shropshire. It has increased by £1,012,000 due to schools converting into the Trust, by £4,944,000 on business combination and by £531,000 due to operating charges in the year. There has also been an actuarial loss of £6,386,000 in the year as detailed in note 27.

Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired on conversion to an Academy Trust. Condition Improvement Grants were received during the year totaling £846,000 for four projects. Work was in progress on two projects at 31 August and £507,000 of the fixed assets fund relates to unspent CIF grant which it is planned to spend in the new financial year. £38,000 of the fixed asset fund relates to unspent devolved formula capital grant which it is planned to spend in the new financial year. The transfer of £99,000 from GAG funds to the fixed asset reserve represents the use of GAG income on fixed assets.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18. Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Birchwood Primary School	353	193
Budbrooke Primary School	71	97
Dordon Primary School	309	241
Grange Park Primary School	122	-
Stratford-upon-Avon Primary School	99	-
The Telford Langley School	62	-
The Telford Park School	186	-
The Telford Priory School	356	-
The Polesworth School	629	865
Wood End Primary School	25	53
Woodloes Primary School	72	51
Community Academies Trust (Central Services)	624	(47)
Total before fixed assets and pension reserve	2,908	1,453
Restricted fixed asset fund	66,535	21,308
Pension reserve	(16,708)	(3,835)
Total	52,735	18,926

Total cost analysis by academy

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

	Teaching and Educational support staff costs £000	Other Support staff costs £000	Educational supplies £000	Other costs (excl. Dep) £000	Total 2016 £000	Total 2015 £000
Birchwood Primary School	991	140	57	313	1,501	1,573
Budbrooke Primary School	729	113	49	255	1,146	1,053
Dordon Primary School	474	76	38	202	790	647
Grange Park Primary School	617	43	23	156	839	-
Stratford-upon-Avon Primary School	317	23	11	80	431	-
The Telford Langley School	2,276	332	72	596	3,276	-
The Telford Park School	1,740	254	42	390	2,426	-
The Telford Priory School	3,565	402	318	842	5,127	-
The Polesworth School	5,443	1,044	169	1,446	8,102	7,794
Wood End Primary School	426	59	24	164	673	653
Woodloes Primary School	1,224	159	28	419	1,830	871
Community Academies Trust (Central Services)	373	384	3	273	1,033	698
Pension FRS102 adjustment	102	102		327	531	299
	18,277	3,131	834	5,463	27,705	13,588

Total expenditure, excluding depreciation, in 2016 is £27,705,000 (2015:£13,588,000) of which £18,277,000 is for teaching and educational support staff costs (2015:£8,866,000), £3,131,000 for other support staff costs (2015:£1,687,000), £834,000 for educational supplies (2015:£1,206,000) and £5,463,000 for other costs (2015:£1,829,000).

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19. Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
Tangible fixed assets	-	-	65,990	65,990	20,538
Other investments	-	2,007	-	2,007	-
Current assets	853	3,291	545	4,689	3,387
Current liabilities	-	(3,214)	-	(3,214)	(1,132)
Non-current liabilities	-	(29)	-	(29)	(32)
Pension scheme liability	-	(16,708)	-	(16,708)	(3,835)
Total net assets at 31 August 2016	853	(14,653)	66,535	52,735	18,926
Total net assets at 31 August 2015	439	(2,821)	21,308		18,926

20. Capital Commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	628	744

21. Commitments under operating leases

Operating Leases

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

	2016 £000	2015 £000
Amounts due within one year	30	12
Amounts due between one and five years	44	13
	74	25

22. Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2016 £000	2015 £000
Net income/ (expenditure) for the reporting period	40,195	4,253
Adjusted for:		
Depreciation (note 12)	1,981	644
Capital grants from DfE and other capital income	(47,063)	(1,063)
Interest receivable (note 5)	(11)	(3)
Defined benefit pension scheme obligation inherited (note 30 & 31)	5,956	545
Defined benefit pension scheme cost less contributions payable (note 27)	204	169
Defined benefit pension scheme finance cost (note 27)	327	130
(Increase)/decrease in stocks	3	-
(Increase)/decrease in debtors	(802)	(291)
Increase/(decrease) in creditors	2,082	457
School Fund donation	(118)	-
Transfer from local authority (note 30)	(139)	(4,712)
Transfer on business combination (note 31)	(1,637)	-
Net cash inflow from operating activities	978	129

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23. Cash flows from investing activities

	2016 £000	2015 £000
Dividends, interest and rents from investments	11	3
Purchase of tangible fixed assets	(1,359)	(343)
Capital Grants from DfE/ EFA/ LA	1,035	1,063
Cash invested in year	(2,000)	-
Net cash provided by/ (used in) investing activities	(2,313)	723

24. Cash flows from financing activities

	2016 £000	2015 £000
Repayments of borrowing	(3)	(4)
Cash inflows from new borrowing	-	21
Net cash provided by/ (used in) financing activities	(3)	17

25. Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	2,496	2,993
Notice deposits (less than 3 months)	1,000	-
Total cash and cash equivalents	3,496	2,993

26. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

27. Pension and Similar Obligations

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

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

Contributions amounting to £377,000 (2015: £176,000) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

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

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27. Pension and Similar Obligations (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 (previously 14.1%) ;
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%,

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

The pension costs payable to TPS in the period amounted to £1,778,000 (2015: £791,000)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2016 was £1,550,000 (2015: £579,000), of which employer's contributions totalled £1,228,000 (2015: £454,000) and employees' contributions totalled £322,000 (2015: £125,000). The agreed contribution rates for future years are:

	Employer's	Employee's
Warwickshire	22.8%	Between 5.5% and 9.9%
Shropshire	15.1%	Between 5.5% and 9.9%

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.

The Shropshire Pension Fund is in deficit and additional contributions are being made of £32,800 p.a. over 23 years increasing by 4.1%pa. The Warwickshire Pension Fund is also in deficit which is currently being recovered through higher contribution rates.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27. Pension and Similar Obligations (continued)

Warwickshire Pension Fund

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase for pensions in payment /CPI inflation	2.1%	2.7%
Rate of increase in salaries	4.1%	4.6%
Discount rate for scheme liabilities	2.1%	3.8%

Sensitivity analysis

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

Change in assumptions at 31 August 2016	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	14%	1,773
1 year increase in member life expectancy	3%	384
0.5% increase in the Salary Increase Rate	5%	664
0.5% increase in the Pension Increase Rate	8%	1,046

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	22.4	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.6	26.6

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	3,800	2,490
Bonds	1,345	895
Property	643	467
Cash	58	39
Total market value of assets	5,846	3,891
Present value of scheme liabilities		
- Funded	(12,813)	(7,726)
Deficit in the scheme	(6,967)	(3,835)

The actual return on scheme assets in the Warwickshire Pension Fund was £672,000 (2015: £125,000).

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27. Pension and Similar Obligations (continued)

Shropshire Pension Fund

Principal actuarial assumptions	At 31 August 2016
Rate of increase for pensions in payment /CPI inflation	1.9%
Rate of increase in salaries	3.4%
Discount rate for scheme liabilities	2.2%

Sensitivity analysis

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

Change in assumptions at 31 August 2016	Approximate % increase to employer liability	Approximate monetary amount £000
0.1% increase in Real Discount Rate	2.3%	311
1 year increase in member life expectancy	1.7%	227
0.1% increase in the Salary Increase Rate	1.0%	135
0.1% increase in the Pension Increase Rate	2.4%	317

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
<i>Retiring today</i>	
Males	23.9
Females	26.4
<i>Retiring in 20 years</i>	
Males	26.2
Females	29.2

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

	Fair value at 31 August 2016 £000
Equities	1,949
Bonds	722
Property	191
Cash	62
Other	740
Total market value of assets	3,664
Present value of scheme liabilities	
- Funded	(13,405)
Deficit in the scheme	(9,741)

The actual return on scheme assets in the Shropshire Pension Fund was £364,000.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27. Pension and Similar Obligations (continued)

Combined LGPS Pension Funds

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	1,423	623
Net interest cost	327	130
Effect of curtailment	9	-
Total operating charge	1,759	753

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

	2016	2015
	£000	£000
At 1 September	7,726	5,962
On business combination	7,369	-
Upon conversion	1,551	877
Current service cost	1,423	623
Interest cost	593	254
Employee contributions	322	125
Actuarial (gain)/ loss	7,315	(115)
Benefits paid	(90)	-
Plan introductions, benefit changes, curtailments and settlements	9	-
At 31 August	26,218	7,726

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

	2016	2015
	£000	£000
At 1 September	3,891	2,856
On business combination	2,425	-
Upon conversion	539	332
Interest income	266	124
Return on plan assets (excluding net interest on the net defined pension liability)	929	-
Actuarial gain/(loss)	-	-
Employer contributions	1,228	454
Employee contributions	322	125
Benefits paid	(90)	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	9,510	3,891

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

28. Related Party Transactions

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

MLG Education Services Limited

This is a company in which Mr. S Atkins (a trustee of the trust) has an interest. Mr. Atkins holds a 12% interest in MLG Education Services Limited.

- The trust purchased consultant finance director services from MLG Education Services Limited totaling £nil during the year (2015: £43,720). There was £nil outstanding at 31 August 2016 (2015: £3,944).
- The 2015 charges were made at cost.
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations in which Mr. Atkins neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Telford Co-operative Multi-Academy Trust (TCMAT)

This is a company which operated four secondary academies within Telford in the 2014/15 financial year and until 31 October 2015. In early 2015 the DfE requested that a number of trustees, employees and connected persons of Community Academies Trust become trustees of TCMAT. The following people therefore were appointed as trustees of TCMAT from 1 April 2015:

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

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

Telford Priory Academy (a new school formed by the amalgamation of Wrockwardine Wood Academy and Sutherland Academy on 1 September 2015)
Telford Park Academy (formerly Lakeside Academy)
Telford Langley Academy (formerly The Phoenix Academy)

At that point the above people all resigned as trustees of TCMAT.

A grant of £320,000 was awarded to the Trust in 2015/16 to support its school improvement costs in working with these academies following their acquisition by the Trust.

TCMAT has purchased financial support services from MLG Education Services Limited during the year to support the closure of TCMAT including preparation of final accounts and returns and ensuring an orderly transfer of financial balances to Community Academies Trust. The value of these services was £25,485. The charges were made at cost and were purchased at arms length in a process in which Mr. Atkins neither participated in, nor influenced. Due to the closure of TCMAT, payment of these amounts was made by Community Academies Trust on behalf of TCMAT from the cash balances transferred from TCMAT on 1 November 2015.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

29. Events after the end of the reporting period

On 1 September 2016, all the operations and assets and liabilities of The Wilnecote School and Chadsmead Primary Academy were transferred to the Trust for £nil consideration. Both schools were previously academies.

Grants totaling £150,000 were awarded to the Trust in 2016/17 to support its school improvement costs in working with the above schools. The financial implications of these business combinations will be accounted for in the Trust's financial statements for 2016/17.

30. Conversions to an Academy Trust

On 1 March 2016 Stratford Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Academies Trust from Warwickshire Local Authority for £nil consideration.

On 1 April 2016 Grange Park Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Academies Trust from Telford and Wrekin Local Authority for £nil consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain/loss in the Statement of Financial Activities as "Donations – transfer from local authority on conversion"

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

Grange Park Primary School

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Freehold land & buildings	-	-	1,781	1,781
Other tangible fixed assets	-	-	3	3
Budget surplus on LA funds	90	-	-	90
Budget surplus on other school funds	12	-	-	12
LGPS pension deficit	-	(815)	-	(815)
Net assets/(liabilities)	102	(815)	1,784	1,071

Stratford Primary School

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Leasehold land & buildings	-	-	952	952
Other tangible fixed assets	-	-	27	27
Budget surplus on LA funds	50	-	-	50
Budget surplus on other school funds	53	-	-	53
LGPS pension deficit	-	(197)	-	(197)
Net assets/(liabilities)	103	(197)	979	885

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

31. Business Combinations

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

The Telford Priory Academy
The Telford Park Academy
The Telford Langley Academy

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

Telford Co-operative Multi Academy Trust

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Freehold land & buildings	-	-	40,510	40,510
Other tangible fixed assets	-	-	2,801	2,801
Debtors	857	-	-	857
Cash at Bank	1,637	-	-	1,637
Creditors	(2,274)	-	-	(2,274)
LGPS pension deficit	-	(4,944)	-	(4,944)
Net assets/(liabilities)	220	(4,944)	43,311	38,587

32. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £25,186 (2015 £27,277) and disbursed £25,186 (2015 £24,667) from the fund. An amount of £nil (2015 £1,246) is carried forward to be disbursed in 2016.

The Academy Trust distributed funds as an agent for the North Warwickshire Secondary Schools Consortium. In the accounting period ending 31 August 2016 the trust received £20,000 (2015 £43,400) and disbursed £36,000 (2015 £21,500) from the fund. The Trust ceased to hold the funds from July 2016 and transferred £5,900 back to the consortium at that time. Therefore no funds (2015 £21,900) are carried forward to be disbursed in 2016/17.

The Academy Trust distributes funds as an agent for Telford & Wrekin Primary Schools PE Association. In the accounting period ending 31 August 2016 the Trust received £6,043 from Telford & Wrekin Borough Council which represented the balance of funds the Council was previously holding on behalf of the Association. Since then the Trust has received £360 from contributing schools and disbursed £1,258. An amount of £5,145 is carried forward to be disbursed in 2016/17 and is included in other creditors.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

33. Financial Instruments

The carrying amount of the Trust's financial instruments at 31 August were:

	Total 2016 £000	Total 2015 £000
Financial Assets		
Debt instruments measured at amortised cost	823	227
Instruments measured at fair value through profit or loss	2,007	-
Total	2,830	227
Financial Liabilities		
Measured at amortised cost	(1,746)	(463)
Loan commitments measured at cost less impairment	(33)	(36)
Total	(1,779)	(499)

34. Explanation of transition to FRS 102

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

Reconciliation of net income/expenditure

	At 31 August 2015 £000
Net income previously reported under UK GAAP	4,310
Change in recognition of LGPS interest cost	(57)
Net movement in funds reported under FRS 102	<u>4,253</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/ expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/ expenditure. 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 increase the debit to income/ expenditure by £57,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.