

COMMUNITY ACADEMIES TRUST

Annual Report and Financial Statements

Year ended 31 August 2017

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COMPANIES HOUSE

ONLINE at:

www.communityacademiesTrust.org

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)



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 (resigned 6 December 2016)
Mr. S Mason
Mr. E May (resigned 6 December 2016)

CAT Trustees / Directors

Mr. S Atkins (Chair)
Mrs. A Bardsley
Mr. N Bratt
Mr. G Brown (appointed 16 May 2017)
Mr. B Dimbleby
Mrs. L Grinham (resigned 31 December 2016)
Mr. P Hamilton (CEO and Accounting Officer)
Mr. S Mason
Mr. E May
Mr. R Vernon
Rev. S Wallis

Company Secretary

Mrs. A Bardsley

Senior Management Team

- Chief Executive Officer & Founding Trustee
 - Executive Director (Education) and Founding Trustee
 - Executive Director (Finance and Operations)
 - Head Teacher, The Polesworth School
 - Head Teacher, Birchwood Primary School
 - Head Teacher, Dordon Primary School
 - Head Teacher, Wood End Primary School
 - Head Teacher, Woodloes Primary School
 - Head Teacher, Budbrooke Primary School
 - Executive Head Teacher, The Telford Langley School & The Telford Park School
 - Head of School, The Telford Park School
 - Head Teacher, The Telford Priory School
 - Head Teacher, Grange Park Primary School
 - Head Teacher, Stratford Primary School
 - Head Teacher, The Wilnecote School
 - Head Teacher, Chadsmead Primary Academy
 - Head of Teaching School
- Mr. P Hamilton
Mr. E May
Mrs. A Bardsley
Mrs. M Favell
Mr. N Coleman
Mrs. M Cross
Mrs. C Hadley (resigned 28 February 2017)
Mrs. M Cross/ Mr. R Thorpe (acting to 31 August 2017)
Mr. A Mitchell
Mr. J Stone
Mr. S Carter
Mrs. H Rigby
Ms. S Jordon
Mr. R Thorpe
Mrs. E Cox (resigned 30 April 2017)
Mrs. K Hoskins (acting to 31 August 2017)
Mr. S Tonks
Mr. D Budge (acting to 31 August 2017)
Ms. A Rickus

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

Community Academies Trust

Reference and Administrative Details (continued)

Bank

Lloyds
9 Birmingham Road
Sutton Coldfield
B72 1QA

Internal Auditors

RB Chartered Accountant
Meeson House
76 Pinfold Lane
Penkridge
Staffordshire
ST19 5AP

Directory of Academies year ended 31 August 2017

The Polesworth School
Dordon Road
Dordon
Tamworth
B78 1QT

Grange Park Primary School
Grange Avenue
Stirchley
Telford
TF3 1FA

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

The Wilnecote School
Tinkers Green Road
Wilnecote
Tamworth
Staffordshire
B77 5LF

Chadsmead Primary Academy
Friday Acre
Lichfield
WS13 7HJ

Community Academies Trust

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 2017. 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 up to 6 Trustees in accordance with the provisions in the Articles of Association. Further Trustees are appointed by the existing Trustees. The Trust has used "Academy Ambassadors" to recruit a further Trustee in the year.

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

Community Academies 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

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.

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. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academies, 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.

Community Academies Trust

Trustees' Report (continued)

- **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, Leamington Spa Stratford upon Avon and nearby Warwickshire villages. We also serve communities in Telford, Tamworth 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 Wilnecote 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), Chadsmead Primary Academy (3-11), 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).

Objectives, Strategies and Activities



We are a growing Academy Trust, rated highly by the DfE for our successful work in school improvement. The profile of our Trust has changed again this year as we have assumed further responsibility for improving two schools judged inadequate by OFSTED as well as planning for and building a new Free School Presumption in Leamington (opened September 2017). Further OFSTED inspections this year have recognised the positive work of the Trust, where 3 of our secondary schools were judged as no longer requiring Special Measures. These schools serve significantly deprived communities and it is a source of great pride that these communities now have effective schools at their heart. In the inspection reports the support and leadership of Community Academies Trust has been recognised as follows:

Community Academies Trust

Trustees' Report (continued)

The Telford Park School (Disadvantaged – 54.3%) – Special Measures at point of transfer to the trust on 1st November 2015, **OFSTED March 2017**

"In accordance with section 13(4) of the Education Act 2005, Her Majesty's Chief Inspector is of the opinion that the school no longer requires special measures."

"Governance of the School.... is rigorous in evaluating the work of senior leaders [providing] strong support and challenge to the school's leaders"

The Telford Langley School (Disadvantaged – 52%) – Special measures at point of transfer to the trust on 1st November 2015, **OFSTED December 2016**.

"In accordance with section 13(4) of the Education Act 2005, Her Majesty's Chief Inspector is of the opinion that the school no longer requires special measures."

"Effective collaboration between leaders within the school, and across the Trust, means that best practice is shared. This is having a positive impact on all aspects of the school."

"Governance of the school is strong. Members of the education advisory board have an excellent understanding of the school's strengths and weaknesses and what it needs to do to improve further."

The Wilnecote School (Disadvantaged – 30%) – Special measures at point of transfer to the trust on 1st September 2016, **OFSTED November 2016**

"In accordance with section 13(4) of the Education Act 2005, Her Majesty's Chief Inspector is of the opinion that the school no longer requires special measures."

"The actions of senior leaders, strongly supported by... the multi-Academy Trust the school joined recently, have led to rapid improvements in behaviour, teaching, pupils' progress and attendance."

"Leaders, including the education advisory board, which replaced the governing body, know the school's strengths and weaknesses well and have sharply focused plans for improvement."

Our Trust is 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:

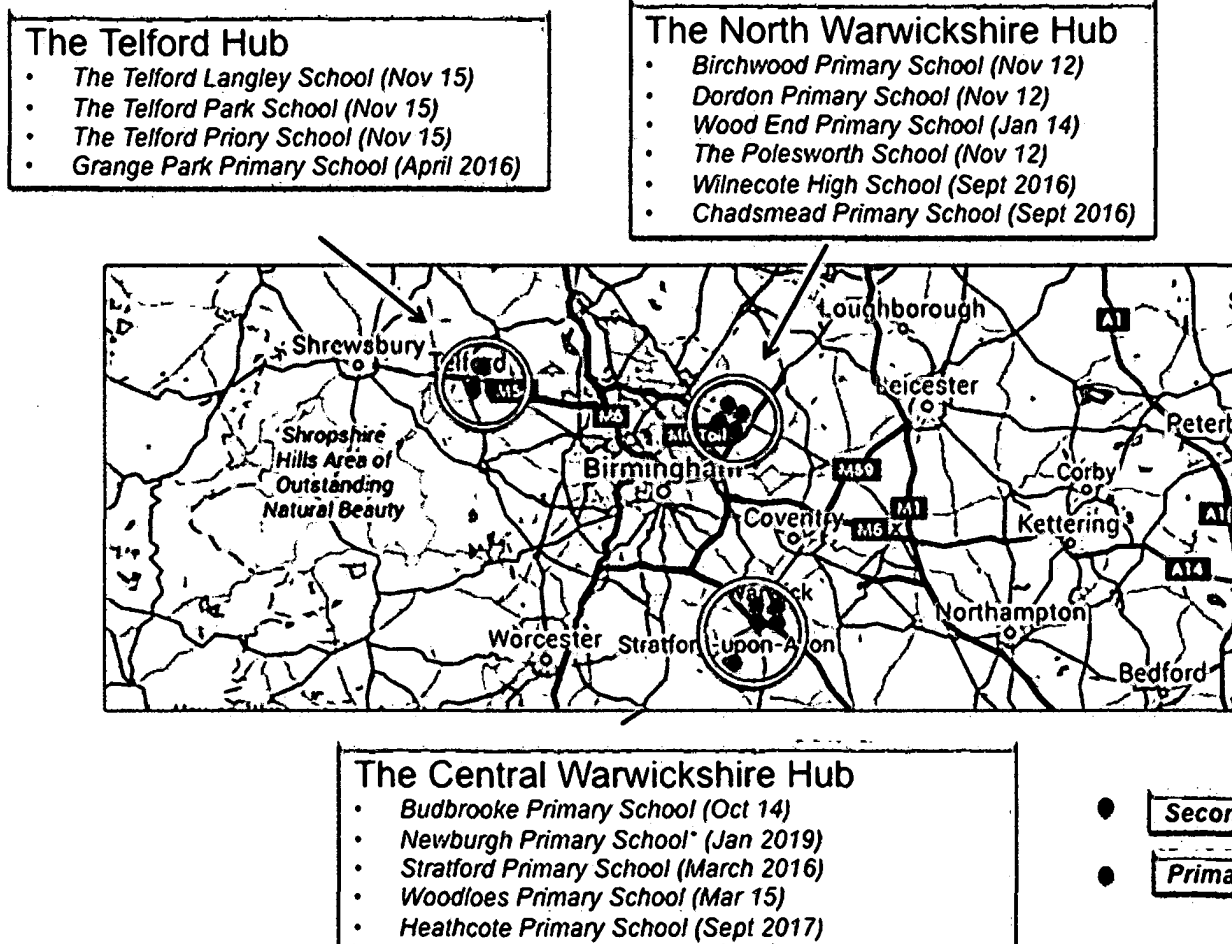
- Proposed sponsorship of further primary schools in Leamington Spa and in Telford. One of these is currently judged inadequate by OFSTED, the other Requires Improvement.
- 2 further converter academies in Tamworth have passed governor resolutions to join our Trust
- As a result of our successful work opening Heathcote Primary School (Free School Presumption) in Leamington Spa in partnership with Warwick County Council, this school opened as part of our Trust on 1st 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 Heathcote Primary School, which opened on 1st September 2017 and Newburgh Primary School * with whom we are currently in talks following the issuing of an Academy order in 2016.



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.

Each Academy is a member of a School Improvement Hub that is 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. Up to three members of the Main Trust Board also sit on this HGB and provide direct governance of LGB effectiveness and school improvement.

The governance arrangements 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:

Community Academies Trust

Main Trust Board (MTB)

Hub Governing Body (HGB)
North Warwickshire and East
Staffordshire

Hub Governing Body (HGB)
Central Warwickshire

Hub Governing Body (HGB) Telford

Local Governing Body LGB
The Wilnecote School

Local Governing Body LGB
Chadsmead Primary School

Local Governing Body LGB
Wood End Primary School

Local Governing Body LGB
Dordon Primary School

Local Governing Body LGB
Birchwood Primary School

Local Governing Body LGB
The Polesworth School

Local Governing Body LGB
Stratford Primary School

Local Governing Body LGB
Woodloes Primary School

Local Governing Body LGB
Heathcote Primary School

Local Governing Body LGB
Budbrooke Primary School

Local Governing Body LGB
Grange Park Primary School

Local Governing Body LGB
The Telford Park School

Local Governing Body LGB
The Telford Langley School

Local Governing Body LGB
The Telford Priory School

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

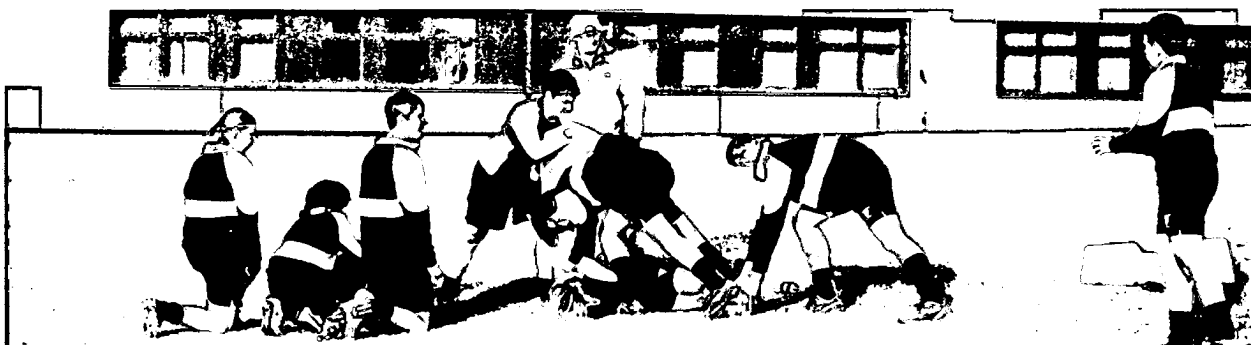
- Focused on achieving outstanding academic, personal and social outcomes for the children in their care and this is the main priority.
- Committed to the moral imperative of community school improvement and shared system leadership.
- Mutually supportive, not in competition with each other and are fiercely 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

Key Performance Indicators

Primary Academies

Attainment and progress at KS2

This year is the second year after the DFE introduced new testing arrangements for young people as they come to the end of their studies in Year 6. Year 6 children receive a standardised score. The cohort is also assessed for progress in Reading, Writing and Mathematics. All schools are above floor targets and more pupils this year achieved the expected standard in reading, writing and Maths.

Academy	Date Academy joined CAT	Sponsor / converter	Achieving National Expected Standard of ATTAINMENT				Expected PROGRESS			Above floor?
			Expected Standard %	Reading %	Writing %	Maths %	Reading %	Writing %	Maths %	
Birchwood	01/11/2012	Converter	63	76	76	73	-1.9	-0.4	-1.9	Y
Dordon	01/11/2012	Sponsored	53	63	76	57	-1.0	-0.3	-4.1	Y
Grange Park	01/04/2017	Converter	66	79	84	79	2.2	3.7	3.0	Y
Stratford	01/03/2017	Sponsored	87	97	90	93	0.3	-1.6	-2.4	Y
Wood End	01/01/2014	Sponsored	42	52	63	58	-4.8	-2.8	-3.9	Y
Woodloes	01/03/2016	Converter	64	73	80	75	-2.1	0.1	-1.6	Y
Chadsmead	01/09/2016	Sponsored	61	75	73	77	2.2	0.6	0.4	Y
Budbrooke	01/10/2014	Sponsored	74	93	86	79	0.5	-1.7	-3.5	Y

Secondary Academies

Attainment and Progress at KS4

GCSEs have changed significantly since last year with grades 9-1 being used for Maths and English and A*-C for other GCSEs. A grade 4 is considered a standard pass. Attainment 8 scores have reduced across the country as all grades lower than a Grade A in unreformed subjects are now worth less points. For example a grade C in 2016 was worth 5 points and in 2017 it is worth 4. Outcomes this year are not comparable with last year. Legacy issues are having less impact in Telford Langley School and as leadership and CAT systems have settled, results are starting to reflect this. Park and Priory remain heavily influenced by legacy issues. At Park the legacy curriculum for the cohort capped what they could achieve in the headline measures, however

Community Academies Trust

Trustees' Report (continued)

attainment in Maths and English has improved. Legacy challenges at Priory remain as the school completes its second year of operation following its difficult start to life as the product of an amalgamation of two schools requiring special measures. Leadership has been strengthened at this school and after extensive restructure and recruitment campaigns, leadership will be further strengthened by Christmas 2017. At the start of the year, 3 out of the 5 secondary schools were in special measures and now they are not. Polesworth remains judged outstanding and Priory is due its first inspection during 2017.

Academy	ATTAINMENT			PROGRESS	
	9-4 (E&M)	EBacc including 5+ in E&M	Attainment 8	Progress 8	Above Floor?*
The Polesworth School	62	24	45	0.1	Y
The Telford Langley School	49	7	44	0.17	Y
The Telford Priory School	43	10	35	-0.9	N
The Telford Park School	31	0	34	-0.7	N
The Wilnecote School	47	9	37	-0.6	N

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

A Level Results

Attainment

3A*-E: 90%
3A*-C: 40%
A*-C: 72%
A*-A: 18%

These results are similar to last year where value added scores were strong.

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 ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for tangible fixed assets and fixed asset donations. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants or donations 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 2017, total expenditure of £43.1 million (2016: £29.7 million) was covered by recurrent grant funding from the ESFA together with other incoming resources resulting in total incoming resources of £56.1 million (2016: £69.9 million). This comprises £8.6m brought into the Trust on conversion or business combination, £7.2m donation of capital assets and £40.3m relating to existing operations. Excluding transactions involving fixed assets and pension liabilities the excess of income over expenditure for the year was £1.1m (2016:£1.4m). This included reserves inherited from schools joining the Trust of £0.2m (2016: £0.4m)

Community Academies Trust

Trustees' Report (continued)

At 31 August 2017 the net book value of tangible fixed assets was £81.9 million (2016: £66.0 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 2017 the LGPS pension liability was £15.7m (2016: £16.7m). This change was mainly due to an increased liability of £2.8m from schools joining the Trust and to £5.2m gain due to changes in actuarial assumption. Full details are shown in note 26. 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 trust faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety). They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Reserves Policy

The Directors review the reserve levels of the 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 general reserves held should be sufficient to cover both 1 month's salary costs plus any known commitments. Current reserves are broadly in line with that target and investments of £3m are held to cover this (note 13). Note 17 analyses the reserves of the Trust between the constituent academies and the central services.

At 31 August 2017, reserves held by the Trust were as follows:

Restricted Fixed Assets	£82.6m
Restricted general excluding Pensions	£ 3.1m
Restricted pension	(£15.7m) (deficit)
Unrestricted	£ 0.9 m
Total	£70.9m

The balance held on restricted fixed assets included £0.7m of School Condition Allocation and other capital 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 (£81.9m) can only be realised by disposing of tangible fixed assets.

Restricted general funds (excluding pensions) includes £0.6m 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.

Community Academies Trust

Trustees' Report (continued)

Surplus cash is invested in a mixture of 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.

Principal Risks and Uncertainties

To achieve our vision we need to be aware of the principal risks that affect our work. The Directors have assessed the major risks to which the Community Academies Trust is exposed by completing a financial risk and control checklist. The risks we face in a rapidly changing education landscape continue to evolve over time, but we summarize them under 10 strategic risks:

- The risk that we do not meet our governance obligations
- The risk we cannot use our school premises to deliver education
- The risk that our school premises are not safe
- The risk that we are not a good employer
- The risk that we are financially unsustainable
- The risk that we do not comply with financial requirements
- The risk that growth is not in line with trust objectives
- The risk that schools do not obtain excellent outcomes for learners
- The risk a child in our care is not safe
- The risk that our reputation prevents us from achieving our goals

Operational procedures are in place to minimise these risks. The Trust Board 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 is at capacity. 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, pressures on staff pay, further pension contributions, Post 16 funding reductions, loss of Education Services Grant) 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 holds funds on behalf of the Telford & Wrekin Primary School PE Association. This organisation exists 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 ESFA. Financial information is provided in note 28 to the accounts.

Community Academies Trust

Trustees' Report (continued)

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.

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 7 December 2017 and signed on its behalf by:



Mr. S Atkins

Chair of Trustees

7 December 2017

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 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 6 times during the year. Attendance at meetings during the year was as follows:

Director	Meetings attended	Out of a possible
Mr. S Atkins (Chair)	6	6
Mr. N Bratt (Vice Chair)	2	6
Mr. B Dimbleby	4	6
Mrs. L Grinham	1	2
Mr. P Hamilton	6	6
Mr. S Mason	5	6
Mr. E May	6	6
Rev. S Wallis	3	6
Mrs. A Bardsley	6	6
Mr. R Vernon	6	6
Mr. G Brown	1	1

Governance reviews

The governance of the Trust has been reviewed during the year. The Articles of Association were updated to the new model for Multi-Academy Trusts. Mr. Hamilton and Mr. May, who are employees and Trustees have resigned as members to increase the independence of the members from the operation of the Trust. The Trust has made a concerted effort to recruit new Trustees using Academy Ambassadors and Mr. Brown joined the Board in May 2017 bringing considerable relevant experience. The operation of hub governance has bedded in across the Trust and the Governance Charter has been produced and is available on the Trust website.

Audit Committee

The Trust did not operate an audit committee during the year. Instead the number of Board meetings was increased to 6 (from 3 in previous years) with one meeting a term having a finance focus including review of risk and internal controls. The Trust plans to implement an audit committee with effect from the autumn term 2017.

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.
- Substantial building works to roofs, windows and heating have been carried out at our older schools, funded by the Condition Improvement Fund and School Condition Allocation. This has led to demonstrable reductions in energy consumption as well as a more pleasant working and learning environment.
- Setting up a Human Resources team which has led to the Trust having a Trade Union Recognition Agreement and appointing staff on contracts specific to the Trust. These steps move us closer to our goal of being a "good employer".
- The set up and operation of the Teaching School has contributed to teacher development and training in our wider community.

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 Community Academies Trust for the year to 31 August 2017 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 2017 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 Board of Trustees 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 has been visited over the course of the year and a targeted review undertaken of controls in the schools and in the central team. The Board of Trustees received a number of reports on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

During the year September 2016 to August 2017 themed financial risk reviews were carried out by RB Chartered Accountants concerning the following:

- Processing of non-grant income
- Compliance with the purchase ledger processes
- Compliance with the procurement processes
- Processing of grant income
- Reconciliation of control accounts including bank and VAT.

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

Review of Effectiveness

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

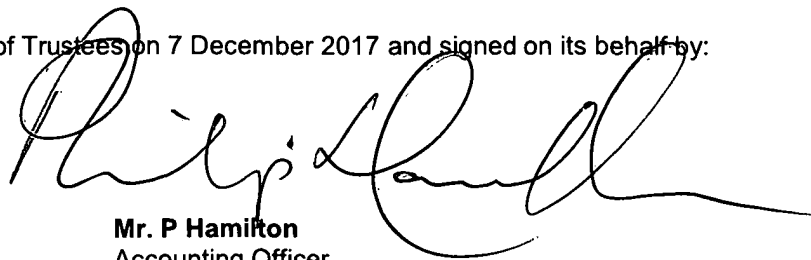
- The work of the themed risk reviews
- The work of the external auditor
- The work of the Executive Director (Finance and Resources) and finance team who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees 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 7 December 2017 and signed on its behalf by:



Mr. S Atkins
Chair of Trustees



Mr. P Hamilton
Accounting Officer

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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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

A large, stylized handwritten signature in black ink, appearing to read 'P. Hamilton', is written over the printed name and title.

Mr. P Hamilton
Accounting Officer

7 December 2017

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 (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on its behalf by:



Mr. S Atkins

Chair of Trustees

Community Academies Trust

Independent Auditor's Report to the Members of Community Academies Trust

Year Ending 31 August 2017

Opinion on financial statements

We have audited the financial statements of Community Academies Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 2017 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Community Academies Trust

Independent Auditor's Report to the Members of Community Academies Trust

Year Ending 31 August 2017 (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

- adequate accounting records have not been kept by the charitable company, 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;

Responsibilities of Trustees

As explained more fully in the Statement of trustees' responsibilities set out on page 18, the trustees (who act as trustees for the charitable activities of the charitable company 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

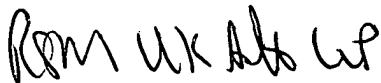
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Community Academies Trust

Independent Auditor's Report to the Members of Community Academies Trust Year Ending 31 August 2017 (continued)

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.



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

7 December 2017

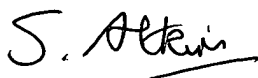
Community Academies Trust
Statement of Financial Activities for the Year Ended 31 August 2017
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	35	25	8,780	8,840	1,153
Transfer from local authority on conversion		-	-	-	-	1,890
Business combinations	30	174	(2,811)	11,280	8,643	38,587
Charitable activities						
Funding for the Academy Trust's educational operations	3	895	36,471	-	37,366	27,970
Teaching School	-	-	411	-	411	-
Other trading activities	4	768	-	-	768	270
Investments	5	26	-	-	26	11
Total		1,898	34,096	20,060	56,054	69,881
Expenditure on:						
Raising funds	6	(768)	-	-	(768)	(270)
Charitable activities:						
Academy Trust educational operations	7	(1,054)	(36,724)	(4,240)	(42,018)	(29,416)
Teaching School	6	-	(301)	-	(301)	-
Total		(1,822)	(37,025)	(4,240)	(43,087)	(29,686)
Net income / (expenditure)		76	(2,929)	15,820	12,967	40,195
Transfers between funds	17	-	(265)	265	-	-
Other recognised gains / (losses)						
Re-measurement of net defined benefit obligation	26	-	5,156	-	5,156	(6,386)
Net movement in funds		76	1,962	16,085	18,123	33,809
Reconciliation of funds						
Total funds brought forward	17	853	(14,653)	66,535	52,735	18,926
Total funds carried forward		929	(12,691)	82,620	70,858	52,735

Community Academies Trust
Company Number 07472736
Balance Sheet as at 31 August 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	12	81,873	65,990
Other Investments	13	3,000	2,007
Current assets			
Debtors	14	1,194	1,193
Cash at bank and in hand	24	3,994	3,496
		<u>5,188</u>	<u>4,689</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	(3,439)	(3,214)
Net current assets		<u>1,749</u>	<u>1,475</u>
Total assets less current liabilities		<u>86,622</u>	<u>69,472</u>
Creditors: Amounts falling due after more than one year	16	(25)	(29)
Net assets excluding pension liability		<u>86,597</u>	<u>69,443</u>
Pension scheme liability	26	(15,739)	(16,708)
Total net assets		<u>70,858</u>	<u>52,735</u>
Funds of the Academy Trust:			
Restricted income funds			
Fixed asset fund	17	82,620	66,535
General fund	17	3,048	2,055
Pension reserve	17	(15,739)	(16,708)
Total restricted funds		<u>69,929</u>	<u>51,882</u>
Unrestricted income funds			
General fund	17	929	853
Total unrestricted funds		<u>929</u>	<u>853</u>
Total funds		<u>70,858</u>	<u>52,735</u>

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue on 7 December 2017 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 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	639	978
Cash flows from investing activities	22	(1,030)	(2,313)
Cash flows from financing activities	23	(4)	(3)
Cash transferred on acquisitions	30	893	1,841
Change in cash and cash equivalents in the reporting period		498	503
Cash and cash equivalents at 1 September 2016		3,496	2,993
Cash and cash equivalents at 31 August 2017		3,994	3,496

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

Community Academies Trust is a charitable company incorporated in the UK. The address of its principle 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 2016 to 2017 issued by ESFA, 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 statements are presented in sterling which is also the functional currency of the Academy Trust.

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.

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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1. Statement of Accounting Policies (continued)

▪ 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.

▪ Transfer on conversion

Where assets are received by the Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

▪ Transfer of exiting academies into the Trust

Where assets are received on the transfer of an existing Academy into the Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the business combination within Donations and capital grant income.

▪ Donated fixed assets

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.

▪ 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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

▪ 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)
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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 life to its residual value, 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.

Fixed Asset Investments

Fixed asset investments are cash invested in interest paying bank accounts with notice period of 1 year or more.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (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.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 29. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 29. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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 and Skills Funding Agency/Department for Education.

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA 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 28.

The Trust holds funds on behalf of the Telford & Wrekin Primary School PE Association. This organisation exists to improve educational provision in its community and so is aligned with the objectives of the Trust. Financial information is provided in note 28 to the accounts. No fee is taken for administration costs.

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 2017 (continued)

1. Statement of Accounting Policies (continued)

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.

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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017 (continued)

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	1,562	1,562	989
Donated fixed assets	-	7,218	7,218	46
Other donations	35	25	60	118
Total 2017	35	8,805	8,840	1,153
Total 2016	75	1,078		1,153

Donations from a predecessor Academy Trust on business combination are shown in note 30.

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	31,650	31,650	23,221
Other DfE/ESFA grants	-	3,539	3,539	3,222
	-	35,189	35,189	26,443
Other Government grants				
Local Authority grants	-	996	996	309
DWP grants	-	-	-	1
	-	996	996	310
Other income from the Academy Trust's educational operations				
School trips	238	71	309	526
Catering income	373	-	373	314
Other income	284	215	499	377
	895	286	1,181	1,217
Total 2017	895	36,471	37,366	27,970
Total 2016	1,047	26,923		27,970

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	242	-	242	195
Catering income	13	-	13	17
Other income	513	-	513	58
Total 2017	768	-	768	270
Total 2016	270	-		270

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	26	-	26	11
Total 2017	26	-	26	11
Total 2016	11	-		11

6. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	237	118	413	768	270
Academy Trust educational operations					
▪ Direct costs	20,708	4,240	3,944	28,892	23,340
▪ Allocated support costs	9,816	1,265	2,045	13,126	6,076
Teaching School	68	-	233	301	-
Total 2017	30,829	5,623	6,635	43,087	29,686
Total 2016	21,408	2,794	5,484		29,686

The expenditure on raising funds, teaching school and educational operations was £43,087,000 (2016: £29,686,000) of which £1,822,000 was unrestricted (2016:£1,348,000), £37,025,000 restricted (2016:£26,357,000) and £4,240,000 restricted fixed assets (2016:£1,981,000)

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Operating lease rentals	145	52
Depreciation	2,482	1,981
Loss on disposal of fixed assets	1,758	-
Net interest on defined benefit pension liability	417	327
Fees payable to auditor for		
- audit	37	37
- other services	2	-

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £ Reason
Unrecoverable debts	2,715	- -

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7. Charitable Activities- Academy Trust educational operations

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	28,892	23,340
Support costs – educational operations	13,126	6,076
	42,018	29,416

Analysis of support costs

	Total 2017 £000	Total 2016 £000
Support staff costs	9,816	3,048
Technology costs	74	20
Premises costs	1,265	785
Other support costs	1,756	2,132
Governance costs	215	91
	13,126	6,076

8. Staff numbers and costs

a. Staff costs

	2017 £000	2016 £000
Wages and salaries	22,661	16,340
Social security costs	2,153	1,300
Operating costs of defined benefit pension schemes	4,806	2,865
Apprenticeship Levy	41	-
Total Staff costs	29,661	20,505
Other Costs		
Supply teacher costs	1,112	732
Staff restructuring costs	56	171
Total	30,829	21,408
Staff restructuring costs comprise:		
Redundancy payments	9	125
Severance payments	47	46
Other restructuring costs	-	-
	56	171

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totaling £46,581 (2016: £46,000). Individually the payments were: £8,916, £5,000, £8,000, £6,000, £11,883, £3,759 and £3,023. No specific funding was received or receivable to support the restructuring payments in respect of the current year.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (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:

	2017 Number	2016 Number
Teachers	375	256
Administration and support	756	404
Management	70	50
	<u>1,201</u>	<u>710</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:

	2017 Number	2016 Number
Teachers	304	235
Administration and support	373	294
Management	68	45
	<u>745</u>	<u>574</u>

d. Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	11	9
£70,001 - £80,000	5	-
£80,001 - £90,000	3	1
£120,001 - £130,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
	<u>21</u>	<u>12</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 Chief Executive Officer, Executive Director (Education), Executive Director (Finance and Operations) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer NI) received by key management personnel for their services to the Academy Trust was £1,717,283 (2016: £1,286,041).

9. Related Party Transactions - Trustees' Remuneration & Expenses

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

	2017 £	2016 £
Remuneration		
Mr. P Hamilton (Chief Executive Officer)	155,000	143,333
Mr. E May (Executive Director (Education))	120,000	120,000
Mrs. A Bardsley (Executive Director (Finance and Operations))	78,000	65,698
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	4,075	12,641
Employer's pension contribution		
Mr. P Hamilton (Chief Executive Officer)	25,544	23,621
Mr. E May (Executive Director (Education))	19,776	19,776
Mrs. A Bardsley (Executive Director (Finance and Operations))	17,784	14,454
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	929	2,781

During the year ended 31 August 2017, travel and subsistence expenses totaling £9,460 (2016: £5,942) were reimbursed to 4 Trustees (2016: 3 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
- Human Resources
- Asset management
- Staff development
- Risk management
- Treasury management
- Statutory reporting

The Trust charges for these services on the following basis:

- Secondary school 3.5 % or 4% of GAG, sixth form and ESG Funding.
- Primary schools 3.5 % or 4% of GAG and ESG Funding.

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
Birchwood Primary School	51	52
Budbrooke Primary School	32	33
Chadsmead Primary Academy	58	-
Dordon Primary School	31	25
Grange Park Primary School	59	24
Stratford-upon-Avon Primary School	27	13
The Telford Langley School	121	99
The Telford Park School	80	74
The Telford Priory School	199	171
The Polesworth School	243	243
Wilnecote High School	153	-
Wood End Primary School	22	19
Woodloes Primary School	53	53
	1,129	806

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (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 2016	42,291	23,749	2,143	1,780	22	69,985
Assets on conversion or business combination	10,998	-	200	82	-	11,280
Additions	3,815	4,490	340	198	-	8,843
Disposals	(1,781)	-	-	-	(9)	(1,790)
At 31 August 2017	55,323	28,239	2,683	2,060	13	88,318
Depreciation						
At 1 September 2016	612	1,939	468	961	15	3,995
Charged in period	942	671	420	442	7	2,482
Disposals	(23)	-	-	-	(9)	(32)
At 31 August 2017	1,531	2,610	888	1,403	13	6,445
Net book values						
At 31 August 2017	53,792	25,629	1,795	657	-	81,873
At 31 August 2016	41,679	21,810	1,675	819	7	65,990

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

- The acquisition of the freehold at The Wilnecote School which was donated to the Trust on business combination at a value of £9.700m.
- The acquisition of the freehold at Chadsmead Primary Academy which was donated to the Trust on business combination at a value of £1.298m.
- The acquisition of the freehold at Grange Park School which was donated to the Trust by Telford and Wrekin Borough Council at a value of £3.686m in exchange for the freehold of the previous school freehold land and buildings which were valued at £1.758m.
- The acquisition of the leasehold at Heathcote Primary School which was donated to the Trust by Warwickshire County Council at a value of £4.127m.

The building and associated assets comprising Heathcote Primary School were transferred to the trust from Warwickshire County Council in August 2017 prior to the school opening in September 2017. As this school is newly built there is a snagging period with valuable warranties in the favour of Warwickshire County Council. The building is therefore occupied by the trust under licence for the first year and a 125 year lease will be entered into from August 2018. As the final intention is clearly for the trust to occupy the building under a long leasehold the substance of the transaction has been to account for the building as being held in this manner from August 2017 onwards.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13. Other Investments

	2017	2016
	£000	£000
One year deposits with Lloyds bank	3,000	2,007
Total	3,000	2,007

14. Debtors

	2017	2016
	£000	£000
Trade debtors	122	327
VAT recoverable	229	198
Prepayments and accrued income	843	668
	1,194	1,193

15. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	1,113	931
Taxation and social security	514	422
Other creditors	643	412
Accruals and deferred income	1,169	1,449
	3,439	3,214

	2017	2016
	£000	£000
Deferred income		
Deferred income at 1 September	658	241
Released from previous year	(629)	(241)
Resources deferred in the year	582	658
Deferred income at 31 August	611	658

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.

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

	2017	2016
	£000	£000
Other creditors	25	29
	25	29

Included within other creditors are "Salix" loans the Trust holds from the Government. The total amount owed as at 31 August 2017 is £29,625, of which £4,897 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 2017 (continued)

17. Funds

	At 1 September 2016 £000	Assets/ (liabilities) acquired on conversion or business combination £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2017 £000
Restricted general funds						
General Annual Grant (GAG)	-	-	31,650	(30,343)	(265)	1,042
Pupil Premium	-	-	2,009	(2,009)	-	-
Pension reserve	(16,708)	(2,811)	-	(1,376)	5,156	(15,739)
Other grants	2,055	-	3,248	(3,297)	-	2,006
	(14,653)	(2,811)	36,907	(37,025)	4,891	(12,691)
Restricted fixed asset funds						
DfE/ESFA capital grants	1,489	-	1,562	(55)	-	2,996
Transfer on conversion	21,590	-	-	(2,564)	-	19,026
Transfer on business combination	43,311	11,280	-	(1,616)	-	52,975
Asset donations	46	-	7,218	(2)	-	7,262
Capital Expenditure from GAG	99	-	-	(3)	265	361
	66,535	11,280	8,780	(4,240)	265	82,620
Total restricted funds	51,882	8,469	45,687	(41,265)	5,156	69,929
Total unrestricted funds	853	174	1,724	(1,822)	-	929
Total funds	52,735	8,643	47,411	(43,087)	5,156	70,858
Total funds 2016	18,926	1,890	72,935	(34,630)	(6,386)	52,735

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 2017.

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

Restricted general funds

The balance of £3,048,000 on the restricted general funds (excluding pension reserve) includes £550,000 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 £929,000 held on unrestricted funds.

The pension reserve of (£15,739,000) (overdrawn) represents the Academy Trust's share of the deficits in the LGPS Pension funds in Warwickshire, Staffordshire & Shropshire. The liability has increased by £2,811,000 on business combination and £1,376,000 due to operating charges in the year. There has also been an actuarial gain of £5,156,000 in the year as detailed in note 26.

Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired when schools join the academy trust on conversion or by business combination or by donation. These are disclosed further in note 12. Condition Improvement grants were received during the year totaling £439,000. Work funded by these grants was complete by 31 August 2017. A School Condition Allocation grant of £931,000 was received in the year and £667,000 of the fixed assets fund relates to unspent School Condition Allocation grant which it is planned to spend in the new financial year. £84,000 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 £265,000 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 2017 (continued)

17. Funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Birchwood Primary School	318	353
Budbrooke Primary School	50	71
Chadsmead Primary Academy	254	-
Dordon Primary School	406	309
Grange Park Primary School	83	122
Heathcote Primary School (pre-opening)	161	-
Stratford-upon-Avon Primary School	105	99
The Telford Langley School	19	62
The Telford Park School	116	186
The Telford Priory School	631	356
The Polesworth School	872	629
The Wilnecote School	79	-
Wood End Primary School	44	25
Woodloes Primary School	69	72
CAT Teaching School	110	-
Community Academies Trust (Central Services)	660	624
Total before fixed assets and pension reserve	3,977	2,908
Restricted fixed asset fund	82,620	66,535
Pension reserve	(15,739)	(16,708)
Total	70,858	52,735

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 2017 £000	Total 2016 £000
Birchwood Primary School	1,047	147	141	230	1,565	1,501
Budbrooke Primary School	747	112	50	181	1,090	1,146
Chadsmead Primary Academy	983	242	98	209	1,532	-
Dordon Primary School	570	80	100	140	890	790
Grange Park Primary School	1,312	393	214	160	2,079	839
Heathcote Primary School (pre-opening)	20	29	24	65	138	-
Stratford-upon-Avon Primary School	605	103	94	100	902	431
The Telford Langley School	2,830	494	330	458	4,112	3,276
The Telford Park School	2,207	378	196	293	3,074	2,426
The Telford Priory School	4,263	663	728	603	6,257	5,127
The Polesworth School	5,041	1,057	214	1,093	7,405	8,102
The Wilnecote School	2,994	598	158	581	4,331	-
Wood End Primary School	427	72	66	118	683	673
Woodloes Primary School	1,283	164	177	247	1,871	1,830
CAT Teaching School	34	34	8	226	302	-
Community Academies Trust (Central Services)	371	569	45	255	1,240	1,033
Pension FRS102 adjustment	480	480	-	416	1,376	531
	25,214	5,615	2,643	5,375	38,847	27,705

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17. Funds (continued)

Total expenditure, excluding depreciation, in 2017 is £38,847,000, (2016:£27,705,000) of which £25,214,000 is for teaching and educational support staff costs (2016:£18,277,000), £5,615,000 for other support staff costs (2016:£3,131,000), £2,643,000 for educational supplies (2016:£834,000) and £5,375,000 for other costs (2016:£5,463,000).

18. Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2017 £000	Total Funds 2016 £000
Tangible fixed assets	-	-	81,873	81,873	65,990
Other investments	-	3,000	-	3,000	2,007
Current assets	929	3,512	747	5,188	4,689
Current liabilities	-	(3,439)	-	(3,439)	(3,214)
Non-current liabilities	-	(25)	-	(25)	(29)
Pension scheme liability	-	(15,739)	-	(15,739)	(16,708)
Total net assets at 31 August 2017	929	(12,691)	82,620	70,858	52,735
Total net assets at 31 August 2016	853	(14,653)	66,535		52,735

19. Capital Commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	650	628

20. Commitments under operating leases

Operating Leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non- cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	141	30
Amounts due between one and five years	134	44
	275	74

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	2017	2016
	£000	£000
Net income for the reporting period	12,967	40,195
Adjusted for:		
Depreciation (note 12)	2,482	1,981
Capital grants from DfE and other capital income	(12,842)	(47,063)
Capital donations from Local Authority	(7,218)	-
Loss on disposals of fixed assets	1,758	-
Interest receivable (note 5)	(26)	(11)
Defined benefit pension scheme obligation inherited (note 30)	2,811	5,956
Defined benefit pension scheme cost less contributions payable (note 26)	959	204
Defined benefit pension scheme finance cost (note 26)	417	327
Decrease in stocks	-	3
(Increase) in debtors	(1)	(802)
Increase in creditors	225	2,082
School Fund donation	-	(118)
Transfer from local authority	-	(139)
Transfer on business combination (note 30)	(893)	(1,637)
Net cash provided by operating activities	639	978

22. Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	26	11
Purchase of tangible fixed assets	(1,625)	(1,359)
Capital Grants from DfE/ ESFA/ LA	1,562	1,035
Cash invested in year	(993)	(2,000)
Net cash provided by/ (used in) investing activities	(1,030)	(2,313)

23. Cash flows from financing activities

	2017	2016
	£000	£000
Repayments of borrowing	(4)	(3)
Cash inflows from new borrowing	-	-
Net cash (used in) financing activities	(4)	(3)

24. Analysis of cash and cash equivalents

	At 31	At 31
	August	August
	2017	2016
	£000	£000
Cash in hand and at bank	2,979	2,496
Notice deposits (less than 3 months)	1,014	1,000
Total cash and cash equivalents	3,994	3,496

25. Members' Liability

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Warwickshire County Council, Staffordshire County Council or Shropshire County Council depending on the location of the school. All 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 2016.

Contributions amounting to £465,000 (2016: £377,000) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (previously 14.1%);
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%,

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs payable to TPS in the period amounted to £2,448,000 (2016: £1,778,000).

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

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations (continued)

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 2017 was £1,817,000 (2016: £1,550,000), of which employer's contributions totalled £1,431,000 (2016: £1,228,000) and employees' contributions totalled £386,000 (2016: £322,000). 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%
Staffordshire	22.2%	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 £161,900 p.a. over 22 years increasing by 3.7%pa. The Warwickshire and Staffordshire Pension Funds are also in deficit which is currently being recovered through higher contribution rates.

Warwickshire Pension Fund

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase for pensions in payment /CPI inflation	2.4%	2.1%
Rate of increase in salaries	3.0%	4.1%
Discount rate for scheme liabilities	2.5%	2.1%

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 2017	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	13%	1,603
0.5% increase in the Salary Increase Rate	3%	333
0.5% increase in the Pension Increase Rate	10%	1,238

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.5	22.4
Females	24.7	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.7	26.6

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	4,863	3,800
Bonds	1,646	1,345
Property	823	643
Cash	149	58
Total fair value of assets	7,481	5,846
Present value of scheme liabilities		
- Funded	(12,198)	(12,813)
Deficit in the scheme	(4,717)	(6,967)

The actual return on scheme assets in the Warwickshire Pension Fund was £722,000 (2016: £672,000).

Shropshire Pension Fund

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase for pensions in payment /CPI inflation	2.2%	1.9%
Rate of increase in salaries	3.7%	3.4%
Discount rate for scheme liabilities	2.4%	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 2017	Approximate % increase to employer liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2.2%	292
1 year increase in member life expectancy	1.8%	245
0.1% increase in the Salary Increase Rate	0.5%	73
0.1% increase in the Pension Increase Rate	2.2%	299

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	23.0	23.9
Females	26.2	26.4
<i>Retiring in 20 years</i>		
Males	25.2	26.2
Females	28.5	29.2

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	2,588	1,949
Bonds	1,188	722
Property	243	191
Cash	238	62
Other	799	740
Total fair value of assets	5,056	3,664
Present value of scheme liabilities		
- Funded	(13,463)	(13,405)
Deficit in the scheme	(8,407)	(9,741)

The actual return on scheme assets in the Shropshire Pension Fund was £924,000 (2016:£364,000).

Staffordshire Pension Fund

	At 31 August 2017	At 1 September 2016
Principal actuarial assumptions		
Rate of increase for pensions in payment /CPI inflation	2.4%	2.1%
Rate of increase in salaries	2.8%	2.5%
Discount rate for scheme liabilities	2.5%	2.0%

Sensitivity analysis

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

Change in assumptions at 31 August 2017	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	14.0%	713
0.5% increase in the Salary Increase Rate	3.0%	158
0.5% increase in the Pension Increase Rate	10.0%	541

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 2017	At 1 September 2016
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24.3
Females	26.4	26.6

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 1 September 2016 £000
Equities	1,996	1,211
Bonds	315	178
Property	210	129
Cash	105	97
Total fair value of assets	2,626	1,615
Present value of scheme liabilities		
- Funded	(5,241)	(4,052)
Deficit in the scheme	(2,615)	(2,437)

The actual return on scheme assets in the Staffordshire Pension Fund was £263,000.

Combined LGPS Pension Funds

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	2,390	1,423
Net interest cost	417	327
Effect of curtailment	-	9
Total operating charge	2,807	1,759

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

	2017 £000	2016 £000
At 1 September	26,218	7,726
On business combination	4,909	7,369
Upon conversion	-	1,551
Current service cost	2,390	1,423
Interest cost	679	593
Employee contributions	386	322
Actuarial (gain)/ loss	(3,349)	7,315
Benefits paid	(331)	(90)
Plan introductions, benefit changes, curtailments and settlements	-	9
At 31 August	30,902	26,218

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

26. Pension and Similar Obligations (continued)

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

	2017	2016
	£000	£000
At 1 September	9,510	3,891
On business combination	2,098	2,425
Upon conversion	-	539
Interest income	262	266
Return on plan assets (excluding net interest on the net defined pension liability)	1,807	929
Employer contributions	1,431	1,228
Employee contributions	386	322
Benefits paid	(331)	(90)
At 31 August	15,163	9,510

27. Related Party Transactions

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

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 did not purchase consultant finance director services from MLG Education Services Limited during the year (2016: £nil). The Trust did however make payment to MLG Education Services Limited to ensure the financial affairs of TCMAT were wound up successfully. These payments were made from the cash balance transferred to CAT when TCMAT joined the Trust, but were provided for in the accounts of TCMAT and therefore did not represent expenditure in CAT. A total of £9,708 was paid in 2016/17 and £1,063 is included in trade creditors.
- In entering into the transaction the Trust has complied with the requirements of the ESFA's Academies Financial Handbook including ensuring that the payments were made at cost.

28. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the Trust received £23,975 (2016 £25,186) and disbursed £23,767 (2016 £25,186) from the fund. An amount of £208 (2016 £nil) is carried forward to be disbursed in 2017.

The Academy Trust distributes funds as an agent for Telford & Wrekin Primary Schools PE Association. In the accounting period ending 31 August 2017 the Trust received the £2,530 from contributing schools and disbursed £874. An amount of £6,801 (2016: £5,145) is carried forward to be disbursed in 2017/18 and is included in other creditors.

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

29. Financial Instruments

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

	Total 2017 £000	Total 2016 £000
Financial Assets		
Debt instruments measured at amortised cost	671	823
Total	671	823
	Total 2017 £000	Total 2016 £000
Financial Liabilities		
Measured at amortised cost		
Creditors	(1,674)	(1,576)
Other	(160)	(170)
Other financial liabilities	(30)	(33)
Total	(1,864)	(1,779)

30. Business Combinations

On 1 September 2016 all the operations and assets and liabilities of Chadsmead Primary Academy Trust were transferred to the Trust for £nil consideration. This comprised of one primary Academy situated in Lichfield, Staffordshire. On the same date all the assets and liabilities of Wilnecote High School Co-operative Multi-Academy Trust were transferred to the Trust for £nil consideration. This comprised one secondary Academy situated in Tamworth, Staffordshire.

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:

Chadsmead Primary Academy

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Freehold land & buildings	-	-	1,298	1,298
Other tangible fixed assets	-	-	171	171
Debtors	71	-	-	71
Cash at Bank	183	-	-	183
Creditors	(153)	-	-	(153)
LGPS pension deficit	-	(374)	-	(374)
Net assets/(liabilities)	101	(374)	1,469	1,196

Community Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

The Wilnecote School

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Freehold land & buildings	-	-	9,700	9,700
Other tangible fixed assets	-	-	111	111
Debtors	105	-	-	105
Cash at Bank	710	-	-	710
Creditors	(742)	-	-	(742)
LGPS pension deficit	-	(2,437)	-	(2,437)
Net assets/(liabilities)	73	(2,437)	9,811	7,447

31. Events after the end of the reporting period

On 1 September 2017 Heathcote Primary school opened as a free school within the Trust. As disclosed in note 12, the land and buildings of the school are included at 31 August 2017 as they had been formally handed over. The Trust also received pre-opening grants from the DfE and Warwickshire County Council which are included in these financial statements.

Community Academies Trust

Independent Reporting Accountant's Assurance Report on Regularity to Community Academies Trust and the Education and Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 29 August 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by Community Academies Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of Community Academies Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Community Academies Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Community Academies Trust's funding agreement with the Secretary of State for Education dated 10 December 2013 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Community Academies Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Community Academies Trust
Independent Reporting Accountant's Assurance Report on Regularity to The
Community Academies Trust and the Education and Skills Funding Agency
(continued)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to Community Academies Trust and the ESFA in accordance with the terms of our engagement letter dated 29 August 2017. Our work has been undertaken so that we might state to the Community Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Community Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



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7 December 2017