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# COMMUNITY ACADEMIES TRUST

## Annual Report and Financial Statement

Year ended 31 August 2014

ONLINE at:

[www.communityacademiestrust.org](http://www.communityacademiestrust.org)

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)



## The Community Academies Trust at a glance:

### Our Strategic Priorities:

Everything we do is orientated around ensuring excellent 3-18 community education

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 in three main areas:

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

### Our Community

We serve Communities in North Warwickshire including Polesworth, Dordon, Wood End (where our academies are based) and other surrounding villages and towns including a significant number of families from the town of Tamworth.

### Our Academies

In order of size by Pupil numbers

The Polesworth School (11-18), Birchwood Primary School (3-11), Dordon Community Primary School (3-11), Wood End Primary School (3-11), Budbrooke Primary School (3-11)



### Performance highlights from 2013/14:

**Dordon Primary School** following an OFSTED inspection and for the first time in the history of the OFSTED system of inspection secured a 'Good' judgment with the outstanding feature of behaviour and safety identified. This significant achievement illustrates how the Trust has provided a good quality education with excellent relationships to a socially deprived community, enhancing the entire community's reputation. At the time of writing Dordon which was below national floor standards for 7 years before it became a sponsored academy in our Trust is one of the best school for miles around. (ref OFSTED website). The school has nearly doubled in size during the year.

**Birchwood Primary School** has once again secured improvement in its results with attainment above national averages and at the highest levels in the academy's history. The academy is totally different from 4 years ago when it required improvement. It now has a very strong teaching profile, wonderful relationships, and excellent depth of leadership. It is also oversubscribed. OFSTED have recently awarded the school an Outstanding judgement.

## **The Community Academies Trust at a glance (continued)**

**Wood End Primary School** has been with us for only 8 months and the work that has proved so successful in Dordon and Birchwood is starting to take affect with increased numbers choosing to join the academy in Reception and significantly improved relationships with its parents and wider community. The academy cannot be inspected during the first 4 terms as a sponsored academy and so the next inspection will be after Easter in 2015. We anticipate a 'good' OFSTED judgment.

**The Polesworth School** has once again secured above average standards of attainment and well above average standards of progress in its GCSE and A level results. At the same time, Year 7 is heavily oversubscribed with over 20 on the waiting list. The academy's excellent local reputation continues to attract out of catchment parents and over 15% of the students in the academy come from families outside the academy's designated catchment area. The School remains 'Outstanding' (OFSTED).

# **Community Academies Trust (CAT)**

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## **Community Academies Trust (CAT)**

### **Reference and Administrative Details**

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#### **CAT Members**

Mr B Dimbleby  
Mr P Hamilton  
Mr E May  
Mr N Bratt  
Mr K Veasey-Watts (resigned 25 November 2014)  
Mr S Atkins

#### **CAT Trustees / Directors**

Mr B Dimbleby  
Mr S Wallis  
Mr P Hamilton  
Mr K Veasey-Watts (resigned 25 November 2014)  
Mr E May  
Mr S Atkins  
Mr N Bratt  
Ms C Bell (resigned 19 November 2014)  
Mrs L Grinham

#### **Company Secretary**

Mrs N Holland

#### **Senior Management Team**

- Executive Headteacher  
The Polesworth School and Chief Executive Officer
- Executive Headteacher  
Birchwood Primary School and Director of  
Education (Primary)
- Head of School, The Polesworth School
- Head of School, Birchwood Primary School
- Head of School, Dordon Primary School
- Head of School, Wood End Primary School

Mr P Hamilton

Mr E May

Mrs M Favell  
Mr N Coleman  
Mrs M Cross  
Mrs C Hadley

#### **Registered Office**

Dordon Road  
Dordon  
Tamworth  
Staffs  
B78 1QT

#### **Company registration number**

07472736

#### **Auditors**

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

#### **Bank**

Lloyds  
9 Birmingham Road  
Sutton Coldfield  
B72 1QA

#### **Solicitors**

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

#### **Responsible Officer**

Dains Accountants  
15 Colmore Row  
Birmingham  
B3 2BH

## **Community Academies Trust (CAT)**

### **Reference and Administrative Details (continued)**

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**Directory of Academies**  
**year ended 31<sup>st</sup> August 2014**

The Polesworth School  
Dordon Road  
Dordon  
Tamworth  
B78 1QT

Birchwood Primary School  
Birchwood Avenue  
Dordon  
Tamworth  
B78 1QU

Dordon Community Primary School  
Roman Way  
Dordon  
Tamworth  
B78 1PJ

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

## **Community Academies Trust (CAT)**

### **Trustees' Report**

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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 2014.

### **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 The Community Academies Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The Community Academies Trust. 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 Trustees have taken out Governing Body and Employers' Liability Insurance. The insurance limit is £5m.

#### **Method of Recruitment and Appointment or Election of Trustees**

The Members are made up of the Headteacher, Chair of Governors, and Vice Chair at The Polesworth School (secondary) and Birchwood Primary School and also the Chair of Governors at The Dordon Primary School. The members may appoint additional Trustees as they see fit, ensuring that the skills and experience of new Trustees are complementary to those of existing board members.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

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

#### **Organisational Structure**

The Community Academy Trust's board of Directors govern the work of the academies across the Trust. They comprise the Executive Headteachers from Polesworth School and Birchwood Primary School, The Chairs of the local governing bodies (LGBs) of Polesworth and Birchwood school, 2 parents, 2 appointed Directors and the Chairs of the LGBs of the sponsored academies (1 at the time of writing).

Each Academy has a LGB – 8 governors for a primary and 14 governors for a secondary Academy, with powers delegated that reflect their OFSTED grade.

Each primary school has a Head of School and Executive Headteacher with a SLT in each school. 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.

## **Community Academies Trust**

### **Trustees' Report (continued)**

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The management team at The Polesworth School operates on three levels and is made up of the Governors, the Strategic Leadership Team, and the Operational Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy and senior staff appointments.

### **Objectives and Activities**

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

To advance 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 Polesworth, Dordon and the surrounding villages 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



### **Objects and Aims**

The principal object and activity of the charitable company is the operation of The Polesworth School to provide education for pupils of different abilities between the ages of 11 and 19 and the operation of Birchwood, Dordon and Wood End primary schools to provide an education for pupils of different abilities between the ages of 3 and 11.

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

### **Objectives, Strategies and Activities**

We are a growing academy Trust, rated very highly by the DFE for its successful work in school improvement, with the majority of schools across the Trust judged good or better by OFSTED and with the majority of students taught in schools regarded outstanding by OFSTED. We are also financially secure having increased the level of reserves this year and are 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 this coming year include:

The sponsorship of Budbrooke Primary School. OFSTED judged this school to require special measures following an inadequate leadership and management judgment last year. It joined our Trust on 1 October 2014. We have established a new focussed Education Advisory Board in the school, ready for transition to a new local governing body in January 2015. This early work, bringing in expertise from across the other schools in the Trust had shown quick improvements in leadership and the school's future is very bright.



## **Community Academies Trust**

### **Trustees' Report (continued)**

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We are also in talks around three further secondary schools joining the Trust, one a large and improving "Good" school and another judged to be requiring sponsorship. These are exciting times for the Trust that also require us to evolve as an organisation. Effective governance is crucial and we have evolved our model around local hubs.

Our ethos is to ensure the best local leaders lead local education provision (ref [www.communityacademiestrust.org](http://www.communityacademiestrust.org)). On this basis we have evolved our governance structure to put it as close to provision as possible. We intend to set up a second school improvement hub to complement the original one in the north of Warwickshire. The governance arrangements will ensure small local governing bodies have local oversight through a hub board with main Trust representation and governors from the schools in the hub. This 'Hub Board' will oversee the performance of the schools in the hub and act as a local group of academies that also benefits from the wider support of the Trust and its status as a single employer.

The following diagram describes this approach:

## Community Academies Trust

### Trustees' Report (continued)

#### The Community Academies Trust (CAT) – Multi Academy Trust

CAT central offer to include: Oversight and leadership to provide:

- Support and challenge to local academy hubs through CAT CEO and CAT Director of Education (Primary)
- Professional Development (Trust wide)
- Financial leadership – achieving economies of scale and compiling CAT accounts
- HR for the Trust
- Trust wide educational opportunities

The Community Academies Trust (CAT)  
Up to 3 members appointed by the CAT  
The Chair of the Directors  
Any other person appointed by the members collectively

#### CAT Local Hub 1

Local group offer to include:

- Self governing
- Locally led with cross school professional opportunity and student learning opportunities.
- Support and challenge for LGBs/Academies
- Shared responsibility for finance and raising standards of provision

Local Group Board of Directors – Elected HT and Chairs of Local Governing Bodies and at least 2 representatives from the Main Trust Board

LGB

LGB

LGB

LGB

#### CAT Local Hub 2

CAT Local Academy group etc.....

During 2014-15, we anticipate at least one new hub being established, but the model is expandable and the expertise gained through the effective work done in the North Warwickshire hub will ensure excellent local governance.

#### 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, specifically para 4.1.27 of the accounts direction.

## Community Academies Trust

### Trustees' Report (continued)

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#### Strategic Report

##### Achievements and Performance

###### Birchwood Primary School



This wonderful school has this year welcomed OFSTED inspectors who were so impressed with the school they described it as **OUTSTANDING IN ALL CATEGORIES**. With improved results again this summer and attainment above national averages and at the highest levels in the academy's history. OFSTED inspectors described the "intense" and "inspirational" leadership of the Executive Headteacher and commented very positively on the support provided by the Community Academies Trust. The OFSTED report goes further:

*"Pupils have excellent attitudes to learning and thoroughly enjoy school. Their behaviour in and out of lessons is impeccable at all times and they feel safe. Their attendance is high and is meticulously tracked by the school"*

*"The quality of teaching is outstanding. Teachers and support staff have very high expectations and plan lessons which are inspirational and challenging. All groups of pupils are well catered for, including the most able, the disadvantaged and disabled and those with special educational needs".*

###### The Polesworth School



The Polesworth School has once again secured above average standards of attainment and well above average standards of progress in its GCSE and A level results. At the same time, Year 7 is heavily oversubscribed with over 20 on the waiting list. The academy's excellent local reputation continues to attract out of catchment parents and over 15% of the students in the academy come from families outside the academy's designated catchment area. The School remains 'Outstanding' (OFSTED) and the consistency achieved by the school over many years has ensured that annual OFSTED risk assessment deem the school to have maintained excellence.

###### Dordon Primary School

Dordon Primary school was our first sponsored academy, becoming so after 7 years of performance below national floor standards it was considered one the 200 lowest performing schools in the country. 4 terms later, the school has nearly doubled in size and in July 2014 gained an excellent OFSTED grading of "GOOD" with the OUTSTANDING feature of BEHAVIOUR. The inspection team commented that the Executive Headteacher "has ensured rapid improvements in teaching and achievement." Further the report went on:

*"Teaching is good. Lessons are lively and interesting and teachers encourage pupils to do well. Good teaching of physical education promotes an active and healthy lifestyle."*

*"Pupils' behaviour is exceptionally good. They are considerate and polite. Pupils are calm and quiet around school, quickly settle down to work and try their best in lessons."*

The report also commented that the Community Academies Trust had supported and had a significant role in enabling the school to improve;

*"Working together across the academy has helped the school improve and systems have recently been introduced to develop leadership skills of staff".*

## Community Academies Trust Trustees' Report (continued)

More information on these OFSTED reports can be found at [www.ofsted.gov.uk](http://www.ofsted.gov.uk)

### Wood End Primary School

Wood End Primary School has been with us for only 8 months and the work that has proved so successful in Dordon and Birchwood is starting to take affect with increased numbers choosing to join the academy in Reception and significantly improved relationships with its parents and wider community. The academy cannot be inspected during the first 4 terms as a sponsored academy and so the next inspection will be after Easter in 2015. We anticipate a 'good' OFSTED judgment.

### Key Performance Indicators

#### Primary Schools

#### Attainment and progress at KS2

Academy	Date Academy joined CAT	Sponsor / converter	Level 4+			Level 5+			Average Points – All Subjects			Above floor?
			Reading %	Writing %	Maths %	Reading %	Writing %	Maths %	2014	2013	+/- 2013	
Birchwood	1.11.2012	Converter	92	92	86	66	37	52	29.8	28.7	+	Y
Dordon	1.11.2012	Sponsored	89	94	89	39	33	22	28.6	28.4	+	Y
Wood End	1.01.2014	Sponsored	81	88	88	56	13	44	28.6	26.7	+	Y

The table shows improved levels of attainment in 2014 in all primary academies. The green shading indicates where attainment is above national average (ref RaiseOnline 2014)

### The Polesworth School

#### Attainment and Progress 2014 (STATE FUNDED SCHOOLS - NA 2014 ref first statistical release October 2014)

5A*-C(EM)	5A*-G	A*-C (E)	A*-C (M)	A*-C (EM)	A*-C Sci	ENG BACC	CPS	GENDER gap 5a*-c/(EM)
62 (56)	99(93)	75 (72 of entry)	69 (69 of entry)	64 (58.2)	81 (73)	35 (22.5)	323 (309.8)	4.47 (10.4)

EXPECTED PROGRESS	ENGLISH 3 LEVELS (NA 2014)	MATHS 3 LEVELS (NA 2014)
ALL	77 (71)	82 (65.4)
High Attainers	82	96
Middle Attainers	80	85
Low Attainers	65	57
Disadvantaged Students	79	82
SEN with a statement	86	43
SEN without a statement	56	50

The cohort of students who completed their GCSE in the Summer of 2014 started their time at The Polesworth School with a KS2 APS of 26.8 which was significantly below the national average. The tables above show an excellent performance with nearly all measures exceeding the national averages for 2014 described in the

## **Community Academies Trust**

### **Trustees' Report (continued)**

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statistical release of data in October 2014. The boxes highlighted in green show where performance is above national average. Where there is no figure in brackets, the green coding makes reference to comparison with 2013 average where nationally performance was higher, and data for 2014 is unavailable.

This is an excellent performance and the strongest profile for some years. Crucially the gaps in progress between disadvantaged students and others has been closed, demonstrating effective spending of Pupil Premium funds and real evidence that the ethos of Polesworth School is alive.

#### **A Level Results**

Attainment (last year in brackets).

APS: 839 (832) and above National average for 2013  
3A\*-E: 89 (93) and well above national average for 2013  
2A\*-E 99 (99) and above national average for 2013

Early analysis of progress prior to re-marks suggest that the Level 3 Value Added is significantly above national average for A Level, continuing the overall trend over the last 4 years.

#### **Going Concern**

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

#### **Financial Review**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £11.242 million (2013: £9.763 million) was more than covered by recurrent grant funding from the EFA together with other incoming resources of £12.689 million (2013: £13.426 million). The excess of expenditure over income for the period (excluding restricted fixed asset funds) was £200,000 (2013: £182,000).

At 31 August 2014 the net book value of fixed assets was £16.314 million (2013: £14.667 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.

#### **Financial and Risk Management Objectives and Policies**

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

## **Community Academies Trust**

### **Trustees' Report (continued)**

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#### **Reserves Policy**

The Governors review the reserve levels of the Academy 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. Governors will continue to monitor reserves on a regular basis.

#### **Investment Policy**

There are no material investments. Cash is managed using our Lloyds current account and the management of these funds is constantly under review. Bank advice at present is that there is a reasonable return in the form of interest payments on this account and in the context of other rates currently on offer. This is under review.

#### **Principal Risks and Uncertainties**

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

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

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

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

#### **Plans for Future Periods**

The activities started in 2013/14 around the establishment of local school improvement hubs will enable the Trust to grow further and with the new expertise that good and improving schools will bring to our trust, our capacity for school improvement will continue to be enhanced.

By growing hubs within a single Multi Academy trust, the Trust feels that it will be better placed to meet the challenges posed by changes to school funding arrangements, and levels of income (for example, further pension contributions, Post16 funding reductions, Education Services Grant decline) and no changes likely to our fixed costs which continue to rise in line with pay rises and incremental drift in staff salaries.

The proposed larger Trust described earlier in this document will equip us, more easily, to protect our frontline from these financial pressures and achieve economies of scale.

#### **Funds Held as Custodian Trustee on Behalf of Others**

The Trust currently holds funds on behalf of the North Warwickshire Secondary School Consortium. This is a group of 12 secondary schools and 2 FE colleges. The CEO of the CAT Trust Chairs this Local Authority Consortium, bids for money on its behalf and manages the distribution of these funds for spending across the consortium. This money is spent on school improvement initiatives and the accountability for that spend and its impact is through the CEO of the Trust in his role representing the consortium at the Local Authority School Improvement Board.

## **Community Academies Trust**

### **Trustees' Report (continued)**

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#### **Auditor**

Baker Tilly 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 1 December 2014 and signed on its behalf by:

Approved by order of the board of Trustees on 1 December 2014 and signed on its behalf by:



**Mr B Dimbleby**

Chair of Trustees

# Community Academies Trust

## Governance Statement

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Trustees are aware of their responsibilities and have appointed an external Responsible Officer to carry out regular scrutiny of financial 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.

### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The 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 Executive Director, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Community Academies Trust and the Secretary of State for Education. The Executive Director 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 5 times during the year. Attendance at meetings during the year was as follows:

Director	Meetings attended	Out of a possible
Mr P Hamilton	5	5
Mr S Wallis	5	5
Mr S Atkins	5	5
Mr B Dimbleby (Chair)	5	5
Mr K Veasey- Watts	3	5
Ms C Bell	3	5
Mr E May	5	5
Mr N Bratt (Vice Chair)	4	5
Mrs L Grinham	5	5

The Board of Trustees formed an Audit Committee during the year.

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

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

The Audit Committee has this year:

- Received audited accounts and Management letter for 2013/14 academic year
- Received Responsible Officer Reports
- Reviewed budget plans for The Community Academies Trust



## Community Academies Trust

### Governance Statement

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

Director	Meetings attended	Out of a possible
Mr B Dimbleby	3	3
Mr K Veasey-Watts	3	3
Mr S Atkins	3	3
Mr P Hamilton	3	3

#### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Community Academies Trust for the year to 31 August 2014 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 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### The Risk and Control Framework

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

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

The Trustees have appointed Dains Accountants to act as Responsible Officer.

The Responsible Officer performs a range of checks on the Academy Trust's financial systems. The checks are performed on a termly basis and each visit The Polesworth School has been selected along with one primary school on a rotational basis. The board of Directors receive a report through the Audit Committee on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities.

During the period September 2013 to August 2014 there were two Responsible Officer visits, both of these visits involved testing of:

- Payroll
- Purchases
- Income
- Accounting system

## **Community Academies Trust**

### **Governance Statement (continued)**

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The outcome of the visits were that:

- The Community Academies Trust has good systems and controls in place for payroll
- Good systems and controls are in place for purchases
- Good systems and controls are in place relation to expenditure
- Good systems and controls are in place for income
- Good processes are now in place for the reconciliation of bank statements

The schedule of work as planned by the Responsible Officer has been delivered as expected and highlighted that there had been a delay with bank reconciliations in some instances. This was caused by a staff restructure and immediately addressed, bank reconciliations are now dealt with on a timely basis.

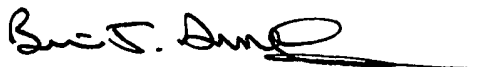
#### **Review of Effectiveness**

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

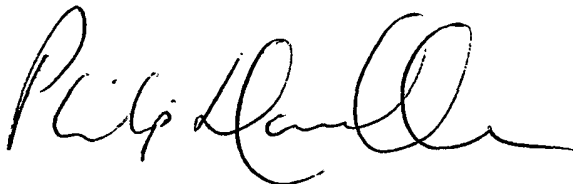
- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the school business manager and finance team who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of Trustees on 1 December 2014 and signed on its behalf by:



**Mr B Dimbleby**  
Chair of Trustees



**Mr P Hamilton**  
Accounting Officer

## **Community Academies Trust**

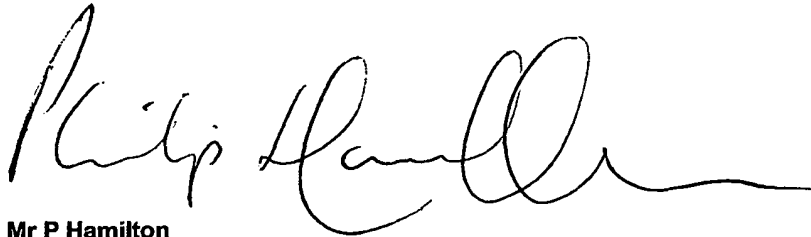
### **Statement on Regularity, Propriety and Compliance**

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

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.

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

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

**Mr P Hamilton**  
Accounting Officer

1 December 2014

## **Community Academies Trust**

### **Statement of Trustees' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 1 December 2014 and signed on its behalf by:



**Mr B Dimbleby**

Chair of Trustees

## **Community Academies Trust**

### **Independent Auditor's Report on the Financial Statements to the Board of Trustees of The Community Academies Trust**

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We have audited the financial statements of Community Academies Trust for the year ended 31 August 2014 on pages 19 to 40. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees Responsibilities set out on page 16 the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

#### **Opinion on other requirement of the Companies Act 2006**

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

## **Community Academies Trust**

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

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

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

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



**Philip Coleman**  
**Senior Statutory Auditor**

**For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor**

Chartered Accountants  
Suite A 7<sup>th</sup> Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

18 December 2014

# Community Academies Trust

## Statement of Financial Activities for the Year Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Un-restricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £'000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
• Voluntary income	2	-	-	-	-	7
• Transfer from Local Authority on conversion	29	39	(165)	1,690	1,564	2,912
• Activities for generating funds	3	565	207	-	772	547
• Investment income	4	2	-	-	2	2
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy's educational operations	5	-	10,034	317	10,351	9,958
<b>Total incoming resources</b>		606	10,076	2,007	12,689	13,426
<b>Resources expended</b>						
<i>Charitable activities:</i>						
• Academy's educational operations	7	(482)	(10,203)	(493)	(11,178)	(9,679)
<i>Governance costs</i>	8	-	(64)	-	(64)	(84)
<b>Total resources expended</b>	6	(482)	(10,267)	(493)	(11,242)	(9,763)
<b>Net incoming/(outgoing) resources before transfers</b>		124	(191)	1,514	1,447	3,663
Gross transfers between funds	17	(133)	-	133	-	-
<b>Net income/ (expenditure) for the year</b>		(9)	(191)	1,647	1,447	3,663
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(994)	-	(994)	100
<b>Net movement in funds</b>		(9)	(1,185)	1,647	453	3,763
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2013	17	242	(804)	14,667	14,105	10,342
<b>Funds carried forward at 31 August 2014</b>		233	(1,989)	16,314	14,558	14,105

All of the Academy's activities derive from continuing operations during the above two financial periods. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Community Academies Trust**  
**Company Number 07472736**  
**Balance Sheet as at 31 August 2014**

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	13	16,314	14,667
<b>Current assets</b>			
Stock	14	3	3
Debtors	15	100	145
Cash at bank and in hand		<u>1,937</u>	<u>1,292</u>
		2,040	1,440
<b>Creditors: Amounts falling due within one year</b>	16	<u>(675)</u>	<u>(182)</u>
<b>Net current assets</b>		<u>1,365</u>	<u>1,258</u>
Total assets less current liability		<u>17,679</u>	<u>15,925</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	26	(3,106)	(1,820)
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(15)</u>	<u>-</u>
<b>Net assets including pension liability</b>		<u>14,558</u>	<u>14,105</u>
<b>Funds of the Academy:</b>			
<b>Restricted income funds</b>			
• Fixed asset fund	17	16,314	14,667
• General fund	17	1,117	1,016
• Pension reserve	17	(3,106)	(1,820)
<b>Total restricted funds</b>		<u>14,325</u>	<u>13,863</u>
<b>Unrestricted income funds</b>			
• General fund(s)	17	<u>233</u>	<u>242</u>
<b>Total unrestricted funds</b>		<u>233</u>	<u>242</u>
<b>Total funds</b>		<u>14,558</u>	<u>14,105</u>

The financial statements on pages 19 to 40 were approved by the trustees, and authorised for issue on 1 December 2014 and are signed on their behalf by:



**Mr B Dimbleby**

Chair of Trustees



**Community Academies Trust**  
**Cash Flow Statement for the Year Ended 31 August 2014**

	Notes	2014 £000	2013 £000
<b>Net cash inflow from operating activities</b>	21	<b>737</b>	<b>2</b>
Returns on investments and servicing of finance	22	2	2
Capital expenditure	23	(133)	(953)
<b>Increase/(decrease) in cash in the year</b>	24	<b>606</b>	<b>(949)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		<u>1,292</u>	<u>2,130</u>
Inherited on conversion	24	<u>39</u>	<u>111</u>
<b>Net funds at 31 August 2014</b>		<u><b>1,937</b></u>	<u><b>1,292</b></u>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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### 1. Statement of Accounting Policies

The standard format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Charities SORP and reflects the activities of the Academy.

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the 'Statement of Recommended Practice' ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 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 one year from the date of approval of the financial statements.

#### Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### ■ Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

#### ■ Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

#### ■ Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

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### 1. Statement of Accounting Policies (continued)

#### Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ▪ Costs of Generating Funds

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

#### ▪ Charitable Activities

These are costs incurred on the Academy Trust's educational operations.

#### ▪ Governance Costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Freehold buildings	2% (50 years)
Fixtures, fittings and equipment	10-15% (6-10 years)
ICT equipment	33.3% (3 years)
Motor Vehicles	25% (4 years)

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

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

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 1. Statement of Accounting Policies (continued)

#### Leased Assets

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

#### Stock

Stationery and book stocks are valued at the lower of cost or net realisable value.

#### 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme ('SERPS') until April 2016, and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 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 the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

**Community Academies Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

**2. Voluntary Income**

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Other donations	-	-	-	7
	-	-	-	7

**3. Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
School trips	285	-	285	210
Hire of facilities	55	-	55	61
Catering Income	225	-	225	188
Other Income	-	207	207	88
	565	207	772	547

**4. Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Short term deposits	2	-	2	2

**5. Funding for the Academy Trust's Educational Operations**

	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
<b>DfE/EFA capital grant</b>				
• Academy building grant	-	249	249	658
• Other grants	-	68	68	101
<b>DfE/EFA revenue grant</b>				
• General Annual Grant (GAG)	9,254	-	9,254	8,552
• Other DfE/EFA grants	690	-	690	317
	9,944	317	10,261	9,628
<b>Other Government grants</b>				
• Local Authority grants	90	-	90	232
• Special educational projects	-	-	-	98
	90	-	90	330
	10,034	317	10,351	9,958

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 6. Resources Expended

	Staff Costs	Non Pay Expenditure	Other Costs	Total 2014	Total 2013
	£000	Premises £000	£000	£000	£000
Academy's educational operations					
• Direct costs	6,711	493	1,348	8,552	6,973
• Allocated support costs	1,664	530	432	2,626	2,706
	8,375	1,023	1,780	11,178	9,679
Governance costs including allocated support costs	-	-	64	64	25
Interest costs	-	-	-	-	59
	-	-	64	64	84
	8,375	1,023	1,844	11,242	9,763

### Incoming/outgoing resources for the period include:

	2014 £000	2013 £000
Fees payable to auditor - audit	9	9
- other services	6	6

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 7. Charitable Activities - Academy's educational operations

	Total 2014 £000	Total 2013 £000
<b>Direct costs</b>		
Teaching and educational support staff costs	6,711	5,571
Depreciation	493	446
Educational supplies	766	261
Examination fees	166	178
Staff development	101	55
Educational consultancy	26	177
School trips	289	178
Other direct costs	-	107
	<u>8,552</u>	<u>6,973</u>
<b>Allocated support costs</b>		
Support staff costs	1,664	1,553
Recruitment and support	87	111
Maintenance of premises and equipment	223	159
Cleaning	15	12
Rent & rates	41	135
Heat & light	174	94
Insurance	79	144
Security and transport	14	19
Catering	192	152
Other support costs	137	327
	<u>2,626</u>	<u>2,706</u>
	<u>11,178</u>	<u>9,679</u>

### 8. Governance costs

	Total 2014 £000	Total 2013 £000
Legal and professional fees	55	16
Auditor's remuneration		
Audit of financial statements	9	9
Interest costs	-	59
	<u>64</u>	<u>84</u>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 9. Staff

#### a. Staff costs

	2014 £000	2013 £000
Wages and salaries	6,682	5,817
Social security costs	461	394
Pension costs	1,113	824
	<u>8,256</u>	<u>7,035</u>
Supply teacher costs	119	89
	<u>8,375</u>	<u>7,124</u>

#### b. Staff numbers

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:

	2014 Number	2013 Number
Teachers	108	97
Administration and support	127	100
Management	16	9
	<u>251</u>	<u>206</u>

The number of employees whose emoluments fell within the following bands was:

	2014 Number	2013 Number
£60,001-£70,000	3	2
£70,001-£80,000	1	1
£80,001-£90,000	1	0
£90,001-£100,000	0	1
£100,001 -£110,000	1	0

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions (Employers) for these staff amounted to £59,558 (2013: £40,327).

### 10. Related Party Transactions - Trustees' Remuneration & Expenses

The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of the trustees' remuneration was as follows:

Mr P Hamilton (Executive Headteacher and CEO) £106,148 (2013: £95,200)

Mr E May (Executive Headteacher and Director of Education, Primary) £80,001 - £85,000 (2013: £65,001- £70,000) during the year.

During the year ended 31 August 2014, travel and subsistence expenses totaling £699 (2013: £739) were reimbursed to two trustees (2013: one trustee).

Other related party transactions involving the Trustees are set out in note 26.



## Community Academies Trust

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

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#### 11. Central services

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

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

The trust charges for these services on the following basis:

- Secondary school 1.75%
- Primary schools 4.0 %

The academy trust is currently reviewing the method that it uses to charge the schools within the trust, and is looking to adopt a policy that links with the reserve strategy and allows the trust to allocate funds on a priority basis. The trustees believe that this will maximise the performance of the trust.

The actual amounts charged during the year were as follows:

	2014 £'000
The Polesworth School	121
Birchwood Primary School	56
Dordon Community Primary School	23
Wood End Primary School	15
	<hr/>
	215
	<hr/>

## Community Academies Trust

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

#### 12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The sum insured for professional indemnity and trustees' liability is £5,000,000. The cost of this insurance is included in the total insurance cost.

#### 13. Tangible Fixed Assets

	Leasehold Land & buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 September	14,975	172	388	9	15,544
Assets on conversion	1,576	62	52	-	1,690
Additions	304	24	122	-	450
At 31 August	16,855	258	562	9	17,684
<b>Depreciation</b>					
At 1 September	634	45	195	3	877
Charged in period	338	34	119	2	493
At 31 August	972	79	314	5	1,370
<b>Net book values</b>					
At 31 August 2014	15,883	179	248	4	16,314
At 31 August 2013	14,341	127	193	6	14,667

#### 14. Stock

	2014 £000	2013 £000
Stationery and books	3	3

#### 15. Debtors

	2014 £000	2013 £000
Trade debtors	4	15
Other debtors	58	30
Prepayments	38	100
	100	145

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 16 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	190	-
Taxation and social security	-	-
Other creditors	2	-
Accruals and deferred income	483	182
	<b>675</b>	<b>182</b>

	2014 £000	2013 £000
<b>Deferred income</b>		
Deferred Income at 1 September	5	29
Resources deferred in the period	246	5
Amounts released from previous periods	(5)	(29)
Deferred income at 31 August	<b>246</b>	<b>5</b>

Deferred income at the year end is in relation to grant monies received in advance for Universal Free School Meals and upfront payments made for trips that took place after the year end.

### Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Other creditors	15	-
	<b>15</b>	<b>-</b>

The academy trust received a "Salix" loan from the Government in the year of £16,000, £1,143 of which is repayable in the next financial year.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 17. Funds

	Balance at 1 September 2013 £000	Assets/ (costs) acquired on conversion £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	-	9,254	(9,254)	-	-
Other DfE/EFA grants	13	-	781	(781)	-	13
Other restricted Income/exp	1,003	-	206	(105)	-	1,104
	<u>1,016</u>	<u>-</u>	<u>10,241</u>	<u>(10,140)</u>	<u>-</u>	<u>1,117</u>
Pensions reserve	(1,820)	(165)	-	(127)	(994)	(3,106)
	<u>(804)</u>	<u>(165)</u>	<u>10,241</u>	<u>(10,267)</u>	<u>(994)</u>	<u>(1,989)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	1,001	-	317	(27)	133	1,424
Assets on conversion	13,666	1,690	-	(466)	-	14,890
	<u>14,667</u>	<u>1,690</u>	<u>317</u>	<u>(493)</u>	<u>133</u>	<u>16,314</u>
<b>Total restricted funds</b>	<u>13,863</u>	<u>1,525</u>	<u>10,558</u>	<u>(10,760)</u>	<u>(861)</u>	<u>14,325</u>
<b>Unrestricted funds</b>						
Unrestricted funds	242	39	567	(482)	(133)	233
<b>Total unrestricted funds</b>	<u>242</u>	<u>39</u>	<u>567</u>	<u>(482)</u>	<u>(133)</u>	<u>233</u>
<b>Total funds</b>	<u>14,105</u>	<u>1,564</u>	<u>11,125</u>	<u>(11,242)</u>	<u>(994)</u>	<u>14,558</u>

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 2014.

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

#### Restricted general funds

The balance of £1,117,000 on the restricted general funds will be used for educational purposes in accordance with the restrictions attached to the funding.

The Pension reserve of £3,106,000 (overdrawn) represents the Academy Trust's share of the deficit in the Warwickshire Pension Fund.

#### Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired on conversion to an Academy Trust, being the properties.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 17. Funds (continued)

#### Analysis of Academies by Fund balance

Funds at 31 August 2014 were allocated as follows:

	Balance at 31 August 2014
The Polesworth School	909
Birchwood Primary School	134
Dordon Primary School	98
Wood End Primary School	72
Community Academies Trust (Central Services)	137
<b>Total before fixed assets and pension reserve</b>	<b>1,350</b>
Restricted fixed asset fund	16,314
Pension reserve	(3,106)
<b>Total</b>	<b>14,558</b>

#### Analysis of Academies by cost

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 (exc. Dep) £'000	Total £'000
The Polesworth School	5,065	1,249	403	1,039	7,756
Birchwood Primary School	1,009	143	173	297	1,622
Dordon Primary School	346	74	91	110	621
Wood End Primary School	291	42	37	67	437
Community Academies Trust (Central services)	-	156	61	96	313
	<b>6,711</b>	<b>1,664</b>	<b>765</b>	<b>1,609</b>	<b>10,749</b>

### 18. Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	16,314	16,314
Current assets	233	1,807	-	2,040
Current liabilities	-	(675)	-	(675)
Long term liabilities	-	(15)	-	(15)
Pension scheme liability	-	(3,106)	-	(3,106)
<b>Total net assets</b>	<b>233</b>	<b>(1,989)</b>	<b>16,314</b>	<b>14,558</b>

### 19. Capital Commitments

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	-	-

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 20. Financial Commitments

#### Operating Leases

At 31 August 2014 the Academies Trust had annual commitments under non- cancellable operating leases as follows:

	2014 £000	2013 £000
Other		
Expiring within one year	7	-
Expiring within two and five years inclusive	26	4
	<u>33</u>	<u>4</u>

### 21. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2014 £000	2013 £000
Net income	1,447	3,663
Depreciation (note 12)	493	446
Capital grants from DfE and other capital income	(317)	(759)
Interest receivable	(2)	(2)
FRS 17 pension cost less contributions payable	67	45
FRS 17 pension finance income	60	59
Increase in stocks	-	(3)
Decrease in debtors	45	46
Increase in creditors	493	(581)
Increase in creditors due after more than one year	15	-
Transfer from local authority (note 28)	(1,564)	(2,912)
Net cash inflow from operating activities	<u>737</u>	<u>2</u>

### 22. Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received on cash balances	2	2
Net cash inflow from returns on investment and servicing of finance	<u>2</u>	<u>2</u>

### 23. Net cash (outflow)/inflow from returns on investment and servicing of finance

	2014 £000	2013 £000
Purchase of tangible fixed assets	(450)	(1,712)
Capital grants from DfE/EFA	317	759
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(133)</u>	<u>(953)</u>

### 24. Analysis of Changes in Net Funds

	At 1 September 2013 £000	Inherited on conversion £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	1,292	39	606	1,937

## **Community Academies Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

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#### **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.

#### **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. Both are defined-benefit schemes.

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

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

##### **Teachers' Pension Scheme**

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

##### **Valuation of the Teachers' Pension Scheme**

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 (currently 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 new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

## **Community Academies Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**

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#### **26 Pension and Similar Obligations (continued)**

##### **Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in March 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2013 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.



# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (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 contribution made for the year ended 31 August 2014 was £454,000 (2013: £358,000), of which employer's contributions totalled £350,000 (2013: £273,000) and employees' contributions totalled £104,000 (2013: £85,000). The agreed contribution rates for future years are 21.1% for employers and between 5.5 and 7.5% for employees.

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

	At 31 August 2014	At 31 August 2013
Rate of increase for pensions in payment / inflation	2.7%	2.8%
Rate of increase in salaries	4.5%	5.1%
Expected return on assets	5.5%	5.8%
Discount rate for scheme liabilities	3.7%	4.6%

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 2014	At 31 August 2013
<i>Retiring today</i>		
+Males	22.4	21.9
Females	24.4	23.6
<i>Retiring in 20 years</i>		
Males	24.3	22.8
Females	26.6	25.9

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £000	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	6.3%	1,941	6.6 %	1,505
Bonds	3.4%	600	3.9 %	487
Property	4.5%	286	4.7 %	199
Cash	3.3%	29	3.6 %	22
<b>Total market value of assets</b>		<b>2,856</b>		<b>2,213</b>
Present value of scheme liabilities		(5,962)		(4,033)
- Funded				
<b>Deficit in the scheme</b>		<b>(3,106)</b>		<b>(1,820)</b>

The actual return on scheme assets was £62,000 (2013: £287,000).

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 26 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

#### Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	417	318
Past service cost	165	489
Total operating charge	<b>582</b>	<b>807</b>

#### Analysis of pension finance income / (costs)

Expected return on pension scheme assets	(146)	(83)
Interest on pension liabilities	206	142
Pension finance income / (costs)	<b>60</b>	<b>59</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,203,000 loss (2013: £209,000 loss).

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

	2014 £000	2013 £000
Opening defined benefit obligation	4,033	2,616
Current service cost	417	318
Interest cost	206	142
Employee contributions	104	85
Actuarial loss	910	103
Liabilities assumed in a business combination	322	769
Benefits paid	(30)	-
At 31 August 2014	<b>5,962</b>	<b>4,033</b>

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

	2014 £000	2013 £000
Opening fair value of employer assets	2,213	1,289
Expected return on assets	146	83
Contributions by members	104	85
Employer contributions	350	273
Actuarial gains	(84)	203
Business combinations	157	280
Benefits paid	(30)	-
At 31 August 2014	<b>2,856</b>	<b>2,213</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £395,000.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

### 26 Pension and Similar Obligations (continued)

The three-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(5,962)	(4,033)	(2,616)
Fair value of share of scheme assets	2,856	2,213	1,289
Deficit in the scheme	(3,106)	(1,820)	(1,327)
Experience adjustments on share of scheme assets Amount £'000*	(84)	203	31
Experience adjustments on scheme liabilities: Amount £'000*	(208)	-	-

### 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 arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

Clement Keys Education Services Limited – a company in which Mr S Atkins (a trustee of the trust) has an interest. Mr Atkins is a partner of Clement Keys LLP, which holds a majority interest in Clement Keys Education Services Limited.

- The trust purchased consultant finance director services from Clement Keys Education Services Limited totalling £11,812 during the year. There were no amounts outstanding at 31 August 2014.
- The charges were made at cost.
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Atkins neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

### 28 Events after the balance sheet date

On 1 October 2014 Budbrooke Primary School joined the Community Academies Trust. The school has 279 pupils and expected grant income for the 11 months to 31 August 2014 of £890,501.

### 29 Conversion to an Academy Trust

On 1 January 2014, Wood End Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Academies Trust from Warwickshire Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

## Community Academies Trust

### Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

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#### 29 Conversion to an Academy Trust (continued)

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

##### Wood End Primary School

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Freehold land & buildings	-	-	1,576	1,576
Other tangible fixed assets	-	-	114	114
Budget surplus on LA funds	39	-	-	39
LGPS pension deficit	-	(165)	-	(165)
<b>Net assets/(liabilities)</b>	<b>39</b>	<b>(165)</b>	<b>1,690</b>	<b>1,564</b>

## **Community Academies Trust**

### **Independent Reporting Auditor's Assurance Report on Regularity to The Community Academies Trust and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 15 September 2014 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Community Academies Trust during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Community Academies Trust and the EFA in accordance with the terms of our engagement letter dated 15 September 2014. Our work has been undertaken so that we might state to the Community Academies Trust, and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Community Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Community Academies Trust's accounting officer and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

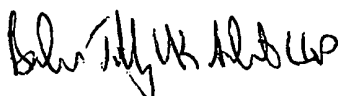
## **Community Academies Trust**

### **Independent Reporting Auditor's Assurance Report on Regularity to The Community Academies Trust and the Education Funding Agency**

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#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



#### **BAKER TILLY UK AUDIT LLP**

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Date: 18 December 2014