

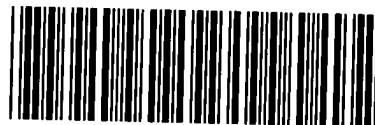
Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Annual report

31 August 2017

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Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

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Cumbria Education Trust (formerly William Howard Trust)

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Reference and administrative details

Year ended 31 August 2017

Members	S Goodliffe M Payne M Simpson D Francis (appointed 20 March 2017)
Trust Board	S Goodliffe L Hughes, Chief Executive Officer J Keetley (resigned 6 September 2017) J Mottram (resigned 28 December 2016) M Payne M Simpson, Chair of Board (resigned 18 July 2017) D Francis, Chair of Board (appointed 20 March 2017) C Irving (resigned 5 September 2017) C Sutcliffe (appointed 19 May 2017) I Burke (appointed 17 October 2016) C Lewis (appointed 17 October 2016)
Company registered number	07698631
Company name	Cumbria Education Trust
Principal and registered office	Longtown Road Brampton Cumbria CA8 1AR
Company secretary	D Matthews
Chief Executive Officer	L Hughes
Senior management team	L Hughes, Chief Executive Officer R Lakin, Director of Primary Education J Logan, Headteacher, Longtown Primary School (resigned 21/07/2017) C Macklin, Interim Headteacher, Workington Academy C McAree, Headteacher, William Howard School J Kirsopp, Interim Head of Finance (resigned 10/03/2017) D Matthews, Head of Finance (appointed 02/05/2017) N Polmear, Infrastructure and Assurance Director M Graham, Operations Manager P Breen, Chief Operating Officer (appointed 03/07/2017) M Robson, ICT Services Manager C Kearton, Data & Reporting Manager
Independent auditors	UNW LLP Chartered Accountants Citygate St James Boulevard Newcastle upon Tyne NE1 4JE

Cumbria Education Trust (formerly William Howard Trust)

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Reference and administrative details of the academy, its trustees and advisers **Year ended 31 August 2017**

Advisers (continued)

Bankers	Barclays Bank plc 16 Front Street Brampton Cumbria CA8 1NG
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Solicitors	Burnetts 6 Victoria Place Carlisle Cumbria CA1 1ES
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Cumbria Education Trust (formerly William Howard Trust)

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Trustees' report

Year ended 31 August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The annual report serves the purposes of a trustees' report, and a strategic and directors' report under company law.

Structure, governance and management

Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum of association is the primary governing document of the Trust.

The trustees of Cumbria Education Trust (formerly William Howard Trust) are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Cumbria Education Trust ("CET").

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

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

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omission occurring whilst on academy trust business. The insurance provides cover of up to £2,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

Cumbria Education Trust work with Academy Ambassadors, and also use the existing trustees' links with the local communities and business to recruit Trustees with the necessary skills to bring the relevant expertise and knowledge to the Trust Board.

Trustees are appointed by the Trust Board. They are people with a wide range of expertise in specific areas who are interested in working on the Board of Trustees and improving outcomes for children and young people in its family of schools.

Policies and procedures adopted for the induction and training of trustees

All new trustees receive a letter of appointment and appropriate documentation for completion. The Chair or a Trustee conducts an induction meeting. Internal training on areas such as data, finance and safeguarding is arranged, supplemented in some cases by external training as appropriate.

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Trustees' report (continued)

Year ended 31 August 2017

Organisational structure

The Trustees make up the Trust Board. There are two committees made up of trustees. They are the Audit & Risk Committee and the Achievement & Climate Committee. Each committee has a chair. The committees meet in various time cycles, reporting to the Trustees following their meetings.

The CEO is the Chief Accounting Officer of the Trust and a Trustee.

The Trust has a Central Team, which is made up of teaching and support staff who lead on key school improvement and operational functions within the Trust's academies. The operational team comprises of HR, Finance, Operations, ICT Services, Infrastructure & Assurance and Online services.

The school improvement team consists of Data, Learning Provision including SEND and Engagement & Wellbeing.

There are clear lines of delegation from the Trustees, through the sub-committees to the CEO, Central Team and Headteachers through to individuals in each academy in order that issues are dealt with promptly and effectively.

Arrangements for setting pay and remuneration of key management personnel

The CEO and Trust Leadership Team members (who are teaching staff) are paid in line with Standard Teachers Pay & Conditions Document (STPCD).

The Central Team, whom are support staff, are paid in line with either the Cumbria LA pay structure or the Local Government pay structure.

Connected organisations, including related party relationships

The Trust academies work in collaboration with each other and their local schools and organisations. The aims and objectives are as follows: -

- To improve the quality of teaching and learning throughout collaborative working and partnerships.
- To develop partnership models for all levels of self evaluation.
- To extend better professional development opportunities for all staff.
- To ensure value for money in all of the Trust academies by sharing resources, good practice and ensuring efficiencies of scale.

CET works in partnership with the RLA (Rural Learning Alliance), CASL (Cumbria Alliance of System Leaders), LASLs (Local Alliance of System Leaders), CSLC (Carlisle Secondary Learning Consortium), Western Headteachers Association, CASH (Cumbria Association of Secondary Headteachers) and CSP (Carlisle Schools' Partnership), PHA, Western Lakes Teaching School Alliance and Cumbria West Coast Teaching School Alliance.

CET also works with Academy Ambassadors, Ambition School Leadership and NGA on a range of subjects and training to support the Trust to develop and grow.

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Trustees' report (continued) **Year ended 31 August 2017**

Objectives and Activities

Objectives and aims

The Trust's objectives are to improve outcomes for children in Cumbria by establishing and developing schools offering a broad and balanced curriculum and outstanding and exciting teaching & learning.

The vision of Cumbria Education Trust is to enable every young person to reach their potential. We know that first class education improves the life chances and choices of young people and are committed to providing an engaging and innovative learning experience which inspires students to achieve the success they deserve. At the heart of the Trust organisation are the principles of Respect, Responsibility and Resilience. The Trust also encourage and promote all staff and pupils/students to "Be the best you can be".

The Trust believes in continual improvement; we are committed to supporting and challenging our students, staff and schools to 'be the best they can be'. We aim to empower local communities and work in partnership with them to bring education alive for everyone.

Objectives, strategies and activities

These are covered in the Strategic Report below.

Public benefit

Schools within Cumbria Education Trust have its charitable purpose, to promote education for the public benefit, and this underpins all our objectives, strategies and activities while having proper regard to relevant Charity Commission guidance.

The MAT structure allows economies of scale in shared services such as HR, finance, IT, estates, data, and learning provision including but not limited to SEND. It also gives the schools opportunities to obtain better terms in negotiating contracts and services and hence improve value for money.

Strategic Report

Achievements and performance

CUMBRIA EDUCATION TRUST

CET is a multi-academy trust (MAT). At September 2016 the Trust consisted of four schools Workington Academy (sponsored) ("WA"), William Howard School (converter) ("WHS"), Yewdale Primary School (sponsored) and Longtown Primary School (sponsored).

At the end of the second year of existence for the MAT much has been achieved; however there is still much to do to fully deliver our ambitious aims.

We are beginning to embed a strong culture and ethos in all of our schools. This has been achieved by various methods including the development of collaborative groups across the Trust. This involves key personnel meeting every few weeks to discuss key areas of teaching & learning and operations.

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Trustees' report (continued) **Year ended 31 August 2017**

Admissions

Cumbria Education Trust schools provide education to 3 19 year old pupils/students who are admitted to the schools through their Admissions Policies. All Trust schools are non fee paying schools. The pupils/students are not selected by ability or aptitude; the Trust admits all pupil/students of the relevant age, living within the geographical area of its' school catchment areas. The Admissions Policies outline the criteria for admission from the wider geographical area and Trust schools.

School Improvement

There is a strong strategic vision; our core values are understood by stakeholders. The Trust's Strategic Priorities are shared throughout the organisation. Individual School Improvement Plans (SIP) are linked to the Trust's strategic priorities. The academies have ownership of their SEF, and SIPs are approved by the Trustees.

The Trust has committed to further developing shared approaches across the organisation that will bring about improvements in delivery. Shared CPD is common practice across the Trust, with inset days co ordinated on the schools' calendars and programmes agreed based on the key school improvement priorities.

Key collaborative working groups are now meeting to discuss strategy, improve practice and share ideas.

The Trust commissioned support from a SIP (Ofsted Inspector) and a teaching & learning expert. External support is commissioned as required i.e. Senior Leadership Training provided to aspiring leaders from across the Trust schools, delivered by Ambition School Leadership.

System leadership and collaboration is at the heart of the Trust's school improvement ethos. School to school support is encouraged within the Trust and beyond. Staff have engaged in school to school support, with staff being deployed across the Trust and beyond as necessary. This has also offered staff a number of secondment and promotion opportunities which have been well received.

The school improvement strategy across the Trust, in the main, is embedded. The schools are challenged and supported by the CEO on a day to day basis. A Director of Primary Education is also actively supporting in the Trust primary schools.

Accountability is understood from the Trustees, Chair of the Local Advisory Boards, to Headteachers and through to Middle Leadership.

The Trust's Appraisal Policy is being used consistently across the Trust and new systems are being implemented to support this process.

Governance

There is a distinction between the roles of the Trustees and the roles of the Local Advisory Board (LAB) members. This is underpinned by a clear Scheme of Delegation.

Regular training sessions were arranged for the Board of Trustees and Local Advisory Board members to help them understand and make sense of the data, processes and systems used in the Trust schools, which in turn will lead to improved challenge and support.

Risk Indicators

The Trust has an Audit and Risk Committee. It regularly reviews the Trust risk register and annually approves the Trust business plan. They are considering future growth carefully.

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Trustees' report (continued) **Year ended 31 August 2017**

Succession Planning

The Trust are beginning to formalise succession planning with opportunities being available to all staff across the CET schools.

Strategic Priorities

CET's strategic priorities are:

1. Improving student/pupil outcomes in all academies;
2. Ensure the central services offered by CET are highly effective and improving;
3. Implement an effective growth and income generation strategy;
4. Improve our year-end financial position.

WILLIAM HOWARD SCHOOL (secondary)

Context

William Howard School (WHS) is a larger than average secondary school located to the east of the City of Carlisle. We have 1500+ students on roll and serve a large rural catchment area, while drawing a number of students from the eastern fringes of Carlisle, southern Scotland and the western fringes of Northumberland. The diversity of the very large catchment area covers areas of significant wealth and also ones of deprivation. Unemployment in the area is half the national average including for the 16-24 age group, with NEET students rare as a result. The relative low cost of living and very high levels of employment opportunities in low skilled jobs mean that locally there is a culture of low academic aspiration amongst some families, which contrasts with other families are highly aspirant.

There are between 220 and 270 students in each year group; there are 250 students in the 6th form. The school is fed from 38 schools with 18 designated feeder primary schools, their intakes varying from 30 to only 3 or 4 students per year group. Some of the highest achieving students at Key Stage 2 will apply for admission at the local selective Grammar school. The school currently has 15% of students meeting the pupil premium criteria; though this hides significant rural poverty as there is a reluctance to claim entitled benefits in the agricultural community.

WHS's strengths

- Students enter the school with average levels of attainment and leave having achieved significantly better than average results in English and Maths;
- Students make progress at least in line with expectations in KS4 and significantly so in English and Maths;
- Gaps for disadvantaged students progress to other students nationally have been eliminated in the last year and they now make progress in line with others nationally from a point of significant weakness;
- Students in the 6th Form achieve Good outcomes;
- The school offers a wide, rich and innovative curriculum that aims to enthuse and challenge students while meeting local need;
- Teaching and Learning is at the heart of all that we do and is being continually developed by a highly motivated and skilled staff;
- Opportunities and development of the whole student, their role within their local community, character and CEIAG are all strong;
- Students secure excellent aspirant destinations and are well placed to move onto the next stage of their learning or enter training or employment;
- Standards of behaviour are good and mean students are engaged in their learning with an increasing level of student leadership evident throughout the school;
- Leadership of the school is robust and we accurately self-reflect;
- We know what we do well, what we could do better and we endeavour to continually improve.

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Trustees' report (continued)

Year ended 31 August 2017

WHS's School Improvement Priorities

- All feedback to have an impact on learning with students actively responding to it;
- To continue to raise the achievement of Pupil Premium students so they an increasing number make progress significantly above expectations;
- To raise the level of oral competency of students;
- To continue to reduce the level of Persistent Absence of Pupil Premium students;
- To develop emotional resilience through a growth mindset approach;
- To ensure boys make progress that is always comparable to that of girls with the same starting points;
- Developing leadership potential across the school.

YEWDALE PRIMARY SCHOOL

Context

Yewdale Primary School is a large inner city school in Cumbria. The school was graded as Inadequate by OFSTED in March 2014, and Cumbria Education Trust (formerly William Howard Trust) became the sponsor in September 2015 when Yewdale Primary School joined the multi-academy trust.

There have been many staffing changes since 2015, as well as changes to the leadership of the school. Due to inadequate teaching over time, the leadership team has restructured the school, reforming staffing structure resulting in 75% of teaching staff new to the school from September 2016.

Yewdale Primary School is committed to continuing a full core offer as an extended school.

There are currently 259 pupils on roll and these numbers now remain consistent. The reception numbers have increased by 49% for September 2017 intake compared to September 2015. The school has an improving reputation locally and we believe parents are pleased with the provision offered for the local children.

Yewdale Primary School's strengths

- The Chair of the Local Advisory Board is a National Leader of Governance, highly experienced and holds the school to account;
- The CEO acts as a critical friend of the school. There is an effective system of monitoring and evaluation, and a strong network of support; knowing how to access the support needed to ensure continued growth of the school;
- The Executive Headteacher is highly experienced, holds a track record of school improvement, and engages in a lot of external monitoring, harnessing best practice from other schools and bringing back into Yewdale;
- The Headteacher has ensured year by year development of the curriculum in line with improving staff capability and a rise in pupil capacity. As a result, the broad curriculum offer fulfils and exceeds national standards;
- Pupils enter the school with standards below that of national expectation (2016/17 83% below expected attainment on entry) and leave with standards that are at least broadly in line with national average. Reading 77% achieved Age Related Expectations (ARE) and 20% achieved greater depth; writing 73% achieved ARE with 16% Greater Depth; Punctuation and Grammar 70% achieved ARE with 7% attaining greater depth and 57% of pupils achieved ARE with 7% attaining greater depth. 2017 data 57% of year 6 cohort achieved combined;
- Planning shows high expectations, learning is evaluated against succinct and tight objectives, where pupils need consolidation timely action is taken ensuring progress;
- Assessment is a strength. Teachers through an embedded and systematic approach are aware of standards and areas of development for all pupils. Ongoing assessment that is continually monitored and updated in real time through a range of different approaches (on going assessment, termly reviews, distance assessment, focused group work and intervention) ensure that pupil achievements are recorded

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Trustees' report (continued)

Year ended 31 August 2017

- and as a result learning is pitched to need;
- Swift and accurate interventions ensure gaps in learning are actioned immediately to safeguard against further misunderstanding. As a result, progress over time is strong;
- Significant improvement with pupils behaviour for learning through Powers of Learning. As a result, learning behaviour is fostering strong independent learning strategies and as a result pupils behaviour throughout the school is good;
- Breakfast club ensures children receive a positive start to the day, from a well prepared, settled environment with good food that supports their emotional, physical and intellectual development.
- Leadership in strong, all staff have a shared vision for EYFS;
- Planning shows high aspirations for children to succeed, a highly effective cycle of planning and assessment links seamlessly together ensuring sessions meet the needs of children. Learning is evaluated against succinct and tight objectives, where pupils need consolidation timely action is taken ensuring progress.

Yewdale Primary School Improvement Priorities

- Evidence indicates that there is outstanding capacity for further sustained improvement based on very strong improvements made in all aspects of school provision;
- Continue to raise achievement of disadvantaged and SEND pupils, reducing the attainment gap further while continuing to build on the good progress made;
- To accelerate the improvements of pupils attainment in writing in years 3 and 4 due to the legacy issues over previous years;
- Teaching and learning needs to be outstanding;
- Attendance for all pupils particularly disadvantaged to continue to improve;
- Behaviour needs to be enhanced further to ensure a collective learning to learn ethos is embedded at every level throughout the school.

WORKINGTON ACADEMY

Context

Workington Academy opened on 1 September 2015 when two predecessor schools merged and is an average-sized school. All students and the majority of predecessor school staff transferred to the academy, with approximately a fifth of the teaching staff being new to the school.

The proportion of students eligible for support through the pupil premium is above average. The proportion of students who have special educational needs or disability is well above average. The academy has strategically resourced provision for pupils who require physical or medical support or have life-limiting illness. Almost all pupils are of White British heritage.

Leaders and managers have ensured a smooth transition to one new institution. The senior team consists of the Interim Headteacher (in post since 29 Sept 2016), one Deputy Headteacher, one Acting Deputy Headteacher and three assistant Headteachers.

The academy fell below the floor standard in 2016 and was monitored by a DfE advisor. The academy is no longer below the floor standard due to improved outcomes in 2017.

Workington Academy strengths

- Leaders have set high expectations, lead by example and provide effective challenge and support, creating a culture of respect and tolerance;
- Trustees and LB members effectively hold senior leaders to account for all aspects of the school's performance, including the use of pupil premium, Year 7 literacy and numeracy catch-up premium and special educational needs funding, resulting in improved outcomes for students;

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Trustees' report (continued)

Year ended 31 August 2017

- Leaders' actions have secured improvements to progress, attainment, teaching quality, behaviour and attendance. The performance of disadvantaged students is improving and gaps are closing;
- 2017 performance data has improved so that the academy is now above the floor standard and examination results in English and Maths are in line with national averages for standard and strong passes. There are significant strengths in other subject areas;
- Safeguarding and child protection are strong;
- Self-evaluation is accurate, robust and rigorous. Leaders and Governors, have an accurate view of strengths and weakness in the school and use this effectively to plan, monitor and refine improvement plans;
- Improvement plans are sharply focused on improving student outcomes and are reviewed and refined frequently to deliver timely interventions to improve performance. External support is targeted and closely monitored to address underperformance quickly and sustainably;
- Middle leaders accurately monitor and evaluate provision and effectively intervene in a timely manner to address underperformance;
- Effective performance management and personalised CPD has embedded a culture of reflective practice focused on continuous improvement;
- The academy budget is balanced and in a sustainable position going forward. The curriculum and staffing structure are now fit for purpose.

Workington Academy School Improvement Priorities

- Improve the impact of teaching on progress and outcomes, especially for disadvantaged students, so that it improves rapidly and gaps are eradicated.
- Improve attendance and reduce persistent absence for disadvantaged students so that it improves rapidly and gaps are eradicated.

LONGTOWN PRIMARY SCHOOL

Context

Longtown Primary School is a smaller than average primary school situated in the north of Cumbria. It serves a mixed catchment area of Longtown and other rural areas. Pupils come from a range of socio-economic backgrounds and some other European cultures are represented as well as white British.

In January 2016, the foundation school was placed into Special Measures by Ofsted. This was followed by a hiatus over the remaining two terms of the academic year where the school challenged Ofsted's judgements and the findings of the report. During this period it would be fair to say that little was done to address the significant issues raised by Ofsted.

In September 2016 the school became part of the Cumbria Education Trust (formerly the William Howard Trust), as a sponsored academy.

There have been significant changes in teaching staff, with a turnover of 75% across all teaching and support staff however pupil numbers have remained consistent during this period. An interim headteacher was commissioned in January 2017, with a substantive Headteacher appointed for September 2017. The school is also currently supported by the Trust's Director of Primary Education.

There are currently 204 pupils on role, 51.4% are girls and 48.6% boys making the school a one form entry. Longtown also has a 30 place Nursery offering part time provision. The 30 hour offer is provided to parents by a shared arrangement with Pear Tree Nursery which is located on the school site.

Currently there are 4 Looked After Children attending the school. 36 pupils (18%) are eligible for pupil premium, 11 pupils (5%) are eligible for Free School Meals, 3 pupils (1.5%) have EHC plans, 41 pupils (20%) are SEND 'K' pupils. All pupils speak English as a first language, but 11 (5%) have an additional language that is mostly spoken at home.

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Trustees' report (continued)

Year ended 31 August 2017

Longtown Primary School's strengths

- Newly recruited leaders have increased expectations for pupils and are working relentlessly to change the culture of the school; expectations of staff have also been raised;
- The quality and experience of the leadership team recruited for September 2017, supported by the Trust, has the enthusiasm and potential to bring about rapid and sustained improvement;
- Transition programme in place for new staff with flexibility as individual needs arise;
- Staff planning units of work for September are determined to provide learning that inspires and stimulates;
- Already we are seeing impact as some of our disengaged learners are responding to this style of teaching;
- A new monitoring system is being implemented. The primary focus is currently on planning and clear documentation around expectations has been provided. Planning is held in planning files in classes and on hand daily;
- Improvements in behaviour for learning – fewer pupils now missing reward day treats due to a reduction in higher level sanctions. In June 89% of pupils achieved the reward, in comparison to 73.5% in February;
- Improvements have continued to be made to the safeguarding arrangements and a commissioned Kym Allan Health & Safety Consultants Ltd. audit graded the school at 1 or 2 in all areas (4 is the lowest level);
- Transition information gathered and will be shared with all staff before the end of Summer term;
- Newly appointed EY leader and recently appointed KS1 leader are building a clear picture of current practice in their phases; this will be matched to a fully revised programme of EY provision to ensure that children leave the EY with the appropriate skills to begin KS1 and maximise their time until Year 3;
- A new leader has been appointed;
- Nursery and Reception are now working closely as a unit.

Longtown Primary School Improvement Priorities

- To embed the new leadership team and maximise the potential of leadership throughout the school;
- Teaching and learning needs to be good across the school;
- To raise the level of attendance for all pupils particularly disadvantaged groups who have been targeted for support;
- To accelerate progress of all children's learning in English and Maths through quality first teaching and targeted intervention, the impact of which will be monitored half termly;
- For behaviour for learning to be good, ensuring effective learning behaviours through introducing the Powers of Learning throughout the year;
- To raise the profile of the school through developing links with the community;
- More rigorous analysis of pupil performance by group has highlighted where gaps remain which need to be addressed, particularly relating to SEND and pupil premium. The highest levels of achievement need to be secured for all pupils and sustained.

Financial review

Financial risk management objectives and policies

The revenue balances carried forward at 31 August 2017 are (£942k) (2016: £253k) on the Restricted General Fund and £1,199k (2016: £510k) on the Unrestricted Fund, totalling £257k (2016: £257k).

Reserves have been maintained at the same level as 2016. Grants for the incorporation of Longtown Primary School were carried forward from last financial year and these have been fully spent in year. Restructuring has been undertaken in year to ensure that the academies have the most suitable staffing structures in place to take them into the future. The costs for this have largely prevented the desired increase in reserves in year however the schools are in a much better place to deliver into 2017/18 and achieved the desired reserve level.

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Trustees' report (continued)

Year ended 31 August 2017

The individual schools outturn positions are as follows:

- William Howard School outturn was breakeven.
- Workington Academy outturn was a deficit of £9k
- Yewdale Primary School outturn was a surplus of 4k.
- Longtown Primary School outturn was breakeven.

The majority of the Trust's recurring income (86% in 2016/2017) is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA, and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities. Grant income is also received from the Local Authority for students with Special Educational Needs. Other income is generated in each of the constituent schools from letting of facilities and the WHS Fitness and Wellbeing complex. The Trust also received income from out of catchment school transport which aims to operate on a cost neutral basis

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

Income has increased for the Trust with the inclusion of Longtown Primary School. The primary school transferred to CET with funding that had been prepaid prior to the academic year that related to 2016/17 and continued to receive funding as appropriate within the year.

The Local Government Pension Scheme as it relates to the Trust, as part of the combined Cumbria/Lancashire pension fund, has been valued by the actuary as having a net deficit of £7,348k as at 31 August 2017 (2016: £8,129k). The deficit may increase further in future years if the economic climate does not improve and contributions, both employer and employee, are not increased. This is a material figure in terms of the Trust's total assets and further details on the figures are included in note 25 to the accounts.

The total income received has been invested in the furtherance of the high quality education provided across each School within the multi academy trust by the employment of suitably qualified teaching staff, the provision of specialist staff support for both teaching and the various support functions of the multi academy trust, the provision of suitable resources for the staff and students and the maintenance and refurbishment of the buildings and equipment.

Reserves policy

The Board of Trustees has previously indicated that it would wish revenue balances to reach, cumulatively, some 3% to 5% of the revenue budget to provide a financial safeguard for the future and enable the Trust to manage the financial impact of year to year fluctuations in funding arising from changing student/pupil numbers. The current level is 1%. In 2016/17 there are no grants relating to bringing schools into the multi academy trust included in reserves. The Trust intends to build up reserves over time and has written the 1% surplus into its 2017/18 balanced budgets.

Material investments policy

The Trust is able to generate a modest financial return by transferring funds from the current to savings account until needed. During the year the Trust did not have sufficient cash to be able to lock funds away and generate higher returns.

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Trustees' report (continued)

Year ended 31 August 2017

Principal risks and uncertainties

The major risks to which the Trust is exposed, as identified by the trustees, are regularly reviewed, and systems and procedures have been established to manage those risks. Risk is considered as part of the reporting procedures to the various committees.

A major risk for the Trust is the national picture for education funding which is constantly changing.

Trustees have identified a requirement to project budgets for a three year period to advise them in advance of the potential impact of funding changes and this is being completed annually.

Last year it was reported that a major risk faced by the multi academy trust was the successful growth of the Trust. Incorporating new schools brings with it inevitable pressures on management time as systems are aligned, whilst still maintaining quality service provision across existing schools. This risk continues as a further two schools were incorporated on 1 September 2017 and future plans are to grow further. Trustees are satisfied that sufficient planning had been undertaken prior to taking on new schools, and that procedures are in place to deal efficiently and effectively with any issues arising during with first few months of operation.

The Trust, through its Board of Trustees and staff, strives to become an outstanding organisation and recognises the need to maintain and increase student numbers as they are the major influence over finance.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Plans for future periods

Future developments

Cumbria Education Trust is committed to supporting all pupils/students, staff and academies within the Cumbria Education Trust to 'be the best they can be'. Each of the Trust's academies has its own unique ethos, however they all share a common vision and values, which are central to the life of the academies and underpin all the Trust's activities. Our vision is to enable every young person to reach their potential and achieve the success they deserve by providing an innovative and inspiring learning experience. At the heart of our organisation are the principles of respect, responsibility and resilience.

The Trust's strategic priorities are:

1. Improving student/pupil outcomes in all the Trust academies
2. Ensure the central services offered by CET are highly effective and improving
3. Implement an effective growth and income generation strategy
4. Improving our year-end financial position.

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Trustees' report (continued)

Year ended 31 August 2017

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the leadership team.

The academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy's equal opportunities policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy's offices.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, including the strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2017 and signed on its behalf by:



D Francis
Chair of Trust Board

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cumbria Education Trust (formerly William Howard Trust) and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

From 1 September 2016, there is a Local Advisory Board in place for all Cumbria Education Trust schools. A scheme of delegation has been determined by the Trustees and is followed by the Local Advisory Boards.

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
L Hughes, Chief Executive Officer	5	5
M Simpson, Chair of Board	4	5
S Goodliffe	4	5
M Payne	5	5
J Keetley	4	5
D Francis, Chair of Board	2	2
C Sutcliffe	2	2
I Burke	4	5
J Mottram	1	2
C Irving	2	2
C Lewis	4	5

During the year the composition of the Board changed with two resignations and four appointments. Two of the appointments were facilitated by Academy Ambassadors which has helped the Trust Board to ensure that they have the relevant skills in place. The Chair of the Board resigned and became a Member. The new Chair of the Board was appointed through Academy Ambassadors programme. The removal of the Local Advisory Board sub-committees in 2015/16 has realigned the function of the Trust Board and removed any repetition that was clearly evident.

The Achievement and Climate Committee is a sub-committee of the main board of trustees. Its purpose is to oversee the educational remit of the Trust

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Hughes	3	3
M Simpson	2	3
S Goodliffe	3	3
M Payne	3	3
D Francis	0	1

The Audit and Risk Committee met three times during the year.

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Hughes	3	3
M Simpson	2	3
I Burke	3	3
C Lewis	1	3
D Francis	1	1
J Mottram	1	1

Review of Value for Money

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

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

- Achieving the educational outcomes as set out in the Trustees' Report. Outcomes include many positive indicators. Educational outcomes were improved with the same resource by taking steps to further improve the quality of teaching, as set out in the Trustees' Report;
- The formation of the multi academy trust continues to enable the to sharing of delivery and good practice across all schools within the Trust. This has driven up standards for least cost;
- The Achievement & Climate Committee reviews the staffing structure to ensure that staff are deployed as efficiently as possible to support an improved curriculum, and to target areas of the curriculum in need of development;
- The Trust have supported and collaborated with other schools in the county and beyond. CET has also supported other schools through teaching & learning and leadership programmes;
- During the budget preparation process in 2015/2016 a major staffing restructure was considered within the Trust to provide the optimal staffing structures to provide the most efficient and effective teaching and learning;
- Contracts and services are regularly appraised and renegotiated in a timely manner to ensure value for money. During 2016/17 contracts have been entered for hire of equipment that were half of the cost of previous contracts for comparable equipment;
- Utilities contracts are constantly monitored and reviewed and re negotiated where cost savings have been identified;
- Options appraisals are carried out before purchases are made, including assessing the costs and benefits of alternatives over the longer term. A range of quotes is obtained for all major purchases so that the Trust knows it is getting a good deal;
- The Trust explores opportunities to generate income through the letting of facilities to the local community and the provision of support services to local schools. The WHS Fitness and Wellbeing Centre is well established and provides a community gym facility and sports facilities which are used extensively by local sporting clubs. Equally, lettings of facilities are carried out within all the constituent schools and each strives to consider any other income that can be generated. WA has fantastic new facilities that will be used to generate income for the academy.

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cumbria Education Trust (formerly William Howard Trust) for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Dodd & Co Chartered Accountants as internal auditor.

Following the appointment of Dodd & Co as internal auditor, the Finance Director post became vacant. In the interim, to ensure that the Trust maintains a high level of internal financial control, an employee of Dodd & Co was seconded throughout the year until the appointment of a Head of Finance in May 2017. Whilst on secondment the work of the employee of Dodd & Co has included:

- Review of debtors and creditors processes and balances
- Review of cash receipts policies and processes
- Review of payroll processes and reconciliation of payroll items
- Review and improvements to bank reconciliation processes across the Trust
- Review and improvements to credit card reconciliations in place
- Review and improvements to petty cash postings and
- Review of credit card reconciliations.
- Review of banking authorisations and mandates

The new Head of Finance is now in post and a traditional internal audit regime has been programmed to review processes and controls in 2017/18.

On an annual basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Governance Statement (continued)

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 5 December 2017 and signed on their behalf, by:



D Francis
Chair of Trustees



L Hughes,
Accounting Officer

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Cumbria Education Trust (formerly William Howard Trust) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



L Hughes
Accounting Officer

Date: 5 December 2017

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Statement of trustees' responsibilities

Year ended 31 August 2017

The trustees (who act as governors of Cumbria Education 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

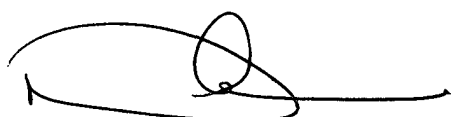
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 5 December 2017 and signed on its behalf by:



D Francis
Chair of Trustees



Independent auditors' report on the financial statements to the members of Cumbria Education Trust (formerly William Howard Trust)

Opinion

We have audited the financial statements of Cumbria Education Trust (formerly William Howard Trust) for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

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

Conclusions relating to going concern

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

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



Independent auditors' report on the financial statements to the members of Cumbria Education Trust (formerly William Howard Trust)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern



Independent auditors' report on the financial statements to the members of Cumbria Education Trust (formerly William Howard Trust)

basis of accounting unless the trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris ACA FCCA (senior statutory auditor)
for and on behalf of UNW LLP, Statutory Auditors
Chartered Accountants
Newcastle upon Tyne
5 December 2017

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Cumbria Education Trust (formerly William Howard Trust) and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 5 November 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cumbria Education Trust (formerly William Howard Trust) during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Cumbria Education Trust (formerly William Howard Trust)'s accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Cumbria Education Trust (formerly William Howard Trust)'s funding agreement with the Secretary of State for Education dated 1 September 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a *limited assurance engagement* as defined in our engagement letter.

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

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

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

The work undertaken to support our conclusion includes:

- testing a sample of expenditure to verify that the trusts procurement procedures have been followed for the items selected;
- testing a sample of payments to ensure they are correctly authorised in accordance with the trust policies;

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to Cumbria Education Trust (formerly William Howard Trust) and the Education and Skills Funding Agency (continued)

- testing a sample of expenditure to verify the nature of spend is in line with funding agreements;
- testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the trust policies;
- confirming that appropriate departmental authority has been obtained for any extra-contractual payments to staff such as severance pay;
- where any disposals of land or buildings were made, enquire as to whether appropriate approval was obtained from the EFA; and
- where any transactions or contracts are entered to with connected parties, enquire as to whether the appropriate procedures were followed in line with trust policies.

Conclusion

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



Michael Morris ACA FCCA

UNW LLP

Chartered Accountants
Newcastle upon Tyne

5 December 2017

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account Year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations & capital grants:						
Assets donated on conversion	2	58,222	(701,000)	1,257,181	614,403	-
Other donations and capital grants	2	383,638	-	15,700,000	16,083,638	7,207,955
Charitable activities	3	-	14,561,964	62,971	14,624,935	14,504,066
Other trading activities	4	572,960	-	-	572,960	332,662
Investments	5	347	-	-	347	414
Other income	6	-	1,297,421	-	1,297,421	1,494,636
Total income		1,015,167	15,158,385	17,020,152	33,193,704	23,539,733
Expenditure on:						
Raising funds	7	326,455	-	-	326,455	381,159
Charitable activities		-	16,993,466	743,077	17,736,543	16,945,882
Other expenditure		-	-	5,839,540	5,839,540	-
Total expenditure	8	326,455	16,993,466	6,582,617	23,902,538	17,327,041
Net income / (expenditure) before transfers		688,712	(1,835,081)	10,437,535	9,291,166	6,212,692
Transfers between Funds	20	-	(43,020)	43,020	-	-
Net income / (expenditure) before other recognised gains and losses		688,712	(1,878,101)	10,480,555	9,291,166	6,212,692
Gains on revaluations of fixed assets	16	-	-	-	-	9,530,730
Actuarial gains/(losses) on defined benefit pension schemes	25	-	1,970,000	-	1,970,000	(3,696,000)
Net movement in funds		688,712	91,899	10,480,555	11,261,166	12,047,422
Reconciliation of funds:						
Total funds brought forward		509,828	(8,381,930)	23,518,321	15,646,219	3,598,797
Total funds carried forward		1,198,540	(8,290,031)	33,998,876	26,907,385	15,646,219

The notes on pages 29 to 55 form part of these financial statements

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Balance sheet At 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	16		33,978,214		23,518,321
Current assets					
Stocks	17	43,351		50,145	
Debtors	18	624,113		586,242	
Cash at bank and in hand		564,658		589,503	
			<u>1,232,122</u>	<u>1,225,890</u>	
Creditors: amounts falling due within one year	19	(954,951)		(968,992)	
Net current assets			<u>277,171</u>		<u>256,898</u>
Total assets less current liabilities			<u>34,255,385</u>		<u>23,775,219</u>
Defined benefit pension scheme liability	25		(7,348,000)		(8,129,000)
Net assets including pension scheme liabilities			<u>26,907,385</u>		<u>15,646,219</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	20	(942,031)		(252,930)	
Restricted fixed asset funds	20	33,998,876		23,518,321	
Restricted income funds excluding pension liability		33,056,845		23,265,391	
Pension reserve		(7,348,000)		(8,129,000)	
Total restricted income funds			<u>25,708,845</u>		<u>15,136,391</u>
Unrestricted income funds	20		<u>1,198,540</u>		<u>509,828</u>
Total funds			<u>26,907,385</u>		<u>15,646,219</u>

The financial statements on pages 26 to 55 were approved by the trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:



D Francis
Chair of Trustees

The notes on pages 29 to 55 form part of these financial statements.
Registered company number 07698631

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Statement of cash flows Year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>8,947</u>	<u>440,120</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(15,797,110)	(143,646)
Capital grants from DfE/ESFA		<u>15,762,971</u>	<u>123,916</u>
Net cash used in investing activities		<u>(34,139)</u>	<u>(19,730)</u>
Cash flows from financing activities:			
Cash inflows from new borrowing		<u>347</u>	<u>414</u>
Net cash provided by financing activities		<u>347</u>	<u>414</u>
Change in cash and cash equivalents in the year		(24,845)	420,804
Cash and cash equivalents brought forward		<u>589,503</u>	<u>168,699</u>
Cash and cash equivalents carried forward		<u><u>564,658</u></u>	<u><u>589,503</u></u>

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2017

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Cumbria Education Trust (formerly William Howard Trust) constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern.

In making their assessment the trustees have considered the budgets of all schools within the Trust for the coming academic year and beyond, and the measures in place within the Trust to carefully monitor spend in year, and the ability of the Trust to react to changes imposed externally, such as changes to funding formulae. Although cashflow remains a focus for the Trust as it grows, the trustees are satisfied with the internal controls and procedures in place to manage this on a day to day basis.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Cumbria Education Trust (formerly William Howard Trust)

(A company limited by guarantee)

Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% (50 years)
L/Term Leasehold Property	-	2% (50 years)
Plant and equipment	-	15% (6 - 7 years)
Computer equipment	-	20% (5 years)

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 incorporating income and expenditure account.

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Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Leased Assets

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

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Stocks

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.13 Fund accounting

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

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

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

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The only significant area of judgement is the useful economic lives of fixed assets, details of which are given above.

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Notes to the financial statements Year ended 31 August 2017

1. Accounting policies (continued)

1.15 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Longtown Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Assets donated on conversion	58,222	(701,000)	1,257,181	614,403	-
Donations	383,638	-	-	383,638	7,207,955
Capital Grants	-	-	15,700,000	15,700,000	-
	441,860	(701,000)	16,957,181	16,698,041	7,207,955
<i>Total 2016</i>	403,955	(1,473,000)	8,277,000	7,207,955	

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,347,766	12,347,766	12,269,157
Other EFSA grants	-	1,582,458	1,582,458	1,604,487
Social inclusion	-	631,740	631,740	506,506
Capital grants	-	62,971	62,971	123,916
	-	14,624,935	14,624,935	14,504,066
<i>Total 2016</i>	-	14,504,066	14,504,066	

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities and other income	572,960	-	572,960	332,662
<i>Total 2016</i>	332,662	-	332,662	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	347	-	347	414
<i>Total 2016</i>	414	-	414	

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Notes to the financial statements Year ended 31 August 2017

6. Other incoming resources

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Miscellaneous income including catering and transport	-	1,297,421	1,297,421	1,494,636
<i>Total 2016</i>	-	1,494,636	1,494,636	

7. Costs of generating voluntary income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Costs of school trips and other associated activities	326,455	-	326,455	381,159
<i>Total 2016</i>	381,159	-	381,159	

8. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	326,455	326,455	381,159
Academy's educational operations:					
Direct costs	11,491,876	-	1,188,174	12,680,050	12,164,423
Support costs	1,415,034	1,075,797	2,565,662	5,056,493	4,781,459
	12,906,910	1,075,797	4,080,291	18,062,998	17,327,041
<i>Total 2016</i>	12,419,320	828,207	4,079,514	17,327,041	

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Notes to the financial statements Year ended 31 August 2017

9. Support costs

	Academy's educational operations £	Total 2017 £	Total 2016 £
Pension interest cost	186,000	186,000	157,000
Maintenance of premises and equipment	191,276	191,276	137,829
Cleaning	277,671	277,671	176,141
Rent and rates	69,759	69,759	66,909
Heat and light	234,086	234,086	225,403
Insurance	70,719	70,719	73,877
Transport	197,410	197,410	256,218
Catering	121,346	121,346	311,720
Technology costs	189,602	189,602	154,745
Bank interest and charges	2,334	2,334	1,741
Other support costs	1,358,179	1,358,179	1,247,271
Depreciation	743,077	743,077	547,057
Wages and salaries	1,162,670	1,162,670	1,198,454
National insurance	74,394	74,394	60,749
Pension cost	177,970	177,970	166,345
	5,056,493	5,056,493	4,781,459
<i>At 31 August 2016</i>	4,781,459	4,781,459	

During the year ended 31 August 2017, the academy incurred the following Governance costs:
External audit fees £12,000 (2016: £10,250)

10. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Unrecoverable debts	28,000	-	
Compensation payments	5,000	-	

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Ex-gratia payments	5,000	5,000	Restructuring within the Trust

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

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Notes to the financial statements Year ended 31 August 2017

11. Net incoming / (outgoing) resources

This is stated after charging / (crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	502,538	426,597
- leased by the charity	240,539	120,460
Stock write off	44,319	-
Operating lease rentals	12,845	4,000

Audit of these financial statements	12,000	10,250
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Fees paid to the Trust's auditors for other services amounted to £nil(2016: £nil).

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Notes to the financial statements Year ended 31 August 2017

12. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	9,525,082	9,635,048
Social security costs	884,578	773,704
Operating costs of defined benefit pension schemes	1,936,911	1,638,571
	<u>12,346,571</u>	<u>12,047,323</u>
Apprenticeship levy	18,349	-
Supply teacher costs	541,990	321,997
Staff restructuring costs	-	50,000
	<u>12,906,910</u>	<u>12,419,320</u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	<u>115,223</u>	<u>50,000</u>

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

	2017 No.	2016 No.
Teachers	150	180
Administration and support	230	241
Leadership	18	18
	<u>398</u>	<u>439</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching staff	138	168
Support staff	125	198
Leadership	17	17
	<u>280</u>	<u>383</u>

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

12. Staff costs (continued)

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	2
In the band £70,001 - £80,000	0	2
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	1	0

All the employees above participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £90,734 (2016: £34,025).

The total amount of employee benefits (including employer pension contributions) received by key management personnel (trustees and senior management) for their services to the academy trust was £523,085 (2016: £616,653).

13. Central services

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

- Finance, HR, IT, Safeguarding support and advice, Estates Management, CCIF Bids, Governance and compliance, web-site compliance and development, media and legal support and a Conference venue. In addition it provides a wide range of school improvement services.

The Trust charges for these services on the following basis:

The trust apportions central costs to the different schools based upon headcount.

The actual amounts charged during the year were as follows:

The actual amounts charged during the year were as follows:

	2017 £	2016 £
William Howard School	470,445	283,930
Workington Academy	291,218	258,206
Yewdale Primary School	63,467	47,626
Longtown Primary School	40,028	-
Total	<u>865,158</u>	<u>589,762</u>

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14. Trustees' remuneration and expenses

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

		2017 £	2016 £
L Hughes, Executive Headteacher - salary	Remuneration	110000-115000	105000-110000
	Pension contributions paid	20000-25000	10000-15000
R Lakin, Headteacher- Yewdale Primary	Remuneration	0-5,000	55000-60000
	Pension contributions paid	0-5,000	5000-10000
J Logan, Headteacher, Workington Academy	Remuneration	0-5,000	55000-60000
	Pension contributions paid	0-5,000	5000-10000

During the year ended 31st August 2017, travel and subsistence expenses totalling £153 (2016: £NIL) were reimbursed or paid directly to 1 trustees (2016: 0 trustees).

15. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,296 (2016 - £1,047).

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Notes to the financial statements Year ended 31 August 2017

16. Tangible fixed assets

	Freehold property £	L/Term Leasehold Property £	Plant and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2016	17,499,514	6,361,000	631,288	465,154	24,956,956
Additions	-	15,700,000	-	97,110	15,797,110
Disposals	-	(6,023,000)	-	-	(6,023,000)
Assets donated on conversion	-	1,245,400	-	-	1,245,400
At 31 August 2017	17,499,514	17,283,400	631,288	562,264	35,976,466
Depreciation					
At 1 September 2016	706,744	120,460	218,580	392,851	1,438,635
Charge for the year	340,137	240,539	59,659	102,742	743,077
On disposals	-	(183,460)	-	-	(183,460)
At 31 August 2017	1,046,881	177,539	278,239	495,593	1,998,252
Net book value					
At 31 August 2017	16,452,633	17,105,861	353,049	66,671	33,978,214
At 31 August 2016	16,792,770	6,240,540	412,708	72,303	23,518,321

During the year the existing school building for Workington, brought in at valuation on conversion in the prior year, was demolished and a new school built on the existing site. Consequently the value of the old building has been written off in these financial statements, with the new school building brought in at cost as a donation from the Education and Skills Funding Agency, which paid for the construction.

Leasehold premises are leased from the local authority on 125 year leases for nil consideration. They are included within the financial statements at valuation based upon readily available valuations prepared by Education Funding Agency.

17. Stocks

	2017 £	2016 £
Goods for resale	43,351	50,145

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Notes to the financial statements Year ended 31 August 2017

18. Debtors

	2017 £	2016 £
Trade debtors	176,490	210,597
VAT recoverable	96,369	107,814
Other debtors	105,522	59,325
Prepayments and accrued income	245,732	208,506
	<u>624,113</u>	<u>586,242</u>

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	299,385	296,683
Other taxation and social security	396,742	409,819
Other creditors	18,079	55,436
Accruals and deferred income	240,745	207,054
	<u>954,951</u>	<u>968,992</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	22,943	66,338
Resources deferred during the year	64,626	22,943
Amounts released from previous years	(22,943)	(66,338)
Deferred income at 31 August 2017	<u>64,626</u>	<u>22,943</u>

Deferred income relates to funding received in advance for the 2017/18 academic year.

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Notes to the financial statements Year ended 31 August 2017

20. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	509,828	1,015,167	(326,455)	-	-	1,198,540
Restricted funds						
Restricted Funds	(252,930)	15,737,385	(16,383,466)	(43,020)	-	(942,031)
Pension reserve	(8,129,000)	(579,000)	(610,000)	-	1,970,000	(7,348,000)
	<u>(8,381,930)</u>	<u>15,158,385</u>	<u>(16,993,466)</u>	<u>(43,020)</u>	<u>1,970,000</u>	<u>(8,290,031)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	23,518,321	17,020,152	(6,582,617)	43,020	-	33,998,876
Total restricted funds	<u>15,136,391</u>	<u>32,178,537</u>	<u>(23,576,083)</u>	<u>-</u>	<u>1,970,000</u>	<u>25,708,845</u>
Total of funds	<u>15,646,219</u>	<u>33,193,704</u>	<u>(23,902,538)</u>	<u>-</u>	<u>1,970,000</u>	<u>26,907,385</u>

Cumbria Education Trust (formerly William Howard Trust)

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Notes to the financial statements Year ended 31 August 2017

20. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	212,852	711,392	(414,416)	-	-	509,828
	<u>212,852</u>	<u>711,392</u>	<u>(414,416)</u>	<u>-</u>	<u>-</u>	<u>509,828</u>
Restricted funds						
Restricted Funds	42,943	15,900,425	(16,176,568)	(19,730)	-	(252,930)
Pension reserve	(2,771,000)	(1,473,000)	(189,000)	-	(3,696,000)	(8,129,000)
	<u>(2,728,057)</u>	<u>14,427,425</u>	<u>(16,365,568)</u>	<u>(19,730)</u>	<u>(3,696,000)</u>	<u>(8,381,930)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	6,114,002	8,400,916	(547,057)	19,730	9,530,730	23,518,321
	<u>6,114,002</u>	<u>8,400,916</u>	<u>(547,057)</u>	<u>19,730</u>	<u>9,530,730</u>	<u>23,518,321</u>
Total restricted funds	<u>3,385,945</u>	<u>22,828,341</u>	<u>(16,912,625)</u>	<u>-</u>	<u>5,834,730</u>	<u>15,136,391</u>
Total of funds	<u>3,598,797</u>	<u>23,539,733</u>	<u>(17,327,041)</u>	<u>-</u>	<u>5,834,730</u>	<u>15,646,219</u>

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

The Unrestricted Fund represents those resources which may be used towards meeting any of the charitable objects of the academy Trust at the discretion of the trustees. The Unrestricted Fund includes the School Fund which receives income for uniform, trips, visits and charities and all expenditure relating to this fund is charged against the balance.

Restricted Fixed Asset Funds are resources which are to be applied to specific capital purposes imposed by the relevant funders where the asset acquired or created is held for specific purpose. The transfer from the restricted fixed asset fund to the restricted general fund represents capital maintenance spend in prior years where the costs were charged through general restricted expenditure. The remaining balance on the fund represents the carrying value of fixed assets held for use by the academy.

Restricted General Funds comprise all other restricted funds received and include grants from the Education Funding Agency.

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Notes to the financial statements Year ended 31 August 2017

20. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Cumbria Education Trust	297,392	293,531
William Howard School	(30,582)	(30,582)
Workington Academy	-	8,573
Yewdale Primary School	(10,301)	(14,624)
Total before fixed asset fund and pension reserve	256,509	256,898
Restricted fixed asset fund	33,998,876	23,518,321
Pension reserve	(7,348,000)	(8,129,000)
Total	26,907,385	15,646,219

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
William Howard School	30,582
Yewdale Primary School	10,301

Yewdale Primary School has a historical deficit that is being reduced each year. William Howard School has a historical deficit due to higher than anticipated staff costs.

The academy is taking the following action to return the academies to surplus:

Both schools have balanced budgets for 2017/18 that include a surplus to clear prior deficits.

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20. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Cumbria Education Trust	771,515	-	140,288	148,647	1,060,450	720,932
William Howard School	5,655,221	527,377	598,661	1,541,291	8,322,550	8,678,289
Workington Academy	3,312,917	682,556	394,664	1,079,387	5,469,524	5,825,790
Yewdale Primary School	799,376	79,894	84,907	182,149	1,146,326	1,140,557
Longtown Primary School	672,938	125,363	58,910	123,405	980,616	-
	<u>11,211,967</u>	<u>1,415,190</u>	<u>1,277,430</u>	<u>3,074,879</u>	<u>16,979,466</u>	<u>16,365,568</u>

Summary of funds - current year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	509,828	1,015,167	(326,455)	-	-	1,198,540
Restricted funds	(8,381,930)	15,158,385	(16,993,466)	(43,020)	1,970,000	(8,290,031)
Restricted fixed asset funds	23,518,321	17,020,152	(6,582,617)	43,020	-	33,998,876
	<u>15,646,219</u>	<u>33,193,704</u>	<u>(23,902,538)</u>	<u>-</u>	<u>1,970,000</u>	<u>26,907,385</u>

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20. Statement of funds (continued)

Summary of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General funds	212,852	711,392	(414,416)	-	-	509,828
Restricted funds	(2,728,057)	14,427,425	(16,365,568)	(19,730)	(3,696,000)	(8,381,930)
Restricted fixed asset funds	6,114,002	8,400,916	(547,057)	19,730	9,530,730	23,518,321
	<u>3,598,797</u>	<u>23,539,733</u>	<u>(17,327,041)</u>	<u>-</u>	<u>5,834,730</u>	<u>15,646,219</u>

21. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	33,978,214	33,978,214
Current assets	1,198,540	12,921	20,662	1,232,123
Creditors due within one year	-	(954,952)	-	(954,952)
Provisions for liabilities and charges	-	(7,348,000)	-	(7,348,000)
	<u>1,198,540</u>	<u>(8,290,031)</u>	<u>33,998,876</u>	<u>26,907,385</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	23,518,321	23,518,321
Current assets	509,828	716,062	-	1,225,890
Creditors due within one year	-	(968,992)	-	(968,992)
Provisions for liabilities and charges	-	(8,129,000)	-	(8,129,000)
	<u>509,828</u>	<u>(8,381,930)</u>	<u>23,518,321</u>	<u>15,646,219</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	9,291,166	6,212,692
Adjustment for:		
Depreciation charges	743,077	547,057
Dividends, interest and rents from investments	(347)	(414)
Loss on the sale of fixed assets	5,839,540	-
Decrease in stocks	6,794	12,917
Increase in debtors	(37,871)	(137,612)
(Decrease)/increase in creditors	(14,041)	544,396
Capital grants from DfE and other capital income	(15,762,971)	(123,916)
Defined benefit pension scheme obligation inherited	701,000	1,473,000
Defined benefit pension scheme cost less contributions payable	286,000	189,000
Defined benefit pension scheme finance cost	202,000	-
Net (loss) on assets and liabilities from local authority on conversion	(1,245,400)	(8,277,000)
Net cash provided by operating activities	8,947	440,120

23. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	564,658	589,503
Total	564,658	589,503

24. Conversion to an academy trust

On 1 September 2016 Longtown Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cumbria Education Trust (formerly William Howard Trust) from Cumbria County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities incorporating income and expenditure account.

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24. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	1,245,400	1,245,400
Other assets	-	-	70,443	70,443
LGPS pension surplus/(deficit)	-	(701,000)	-	(701,000)
Net assets/(liabilities)	-	(701,000)	1,315,843	614,843

The above net assets include £70,443 that was transferred as cash.

25. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

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25. Pension commitments (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £893,000 (2016 - £899,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £757,000 (2016 - £739,000), of which employer's contributions totalled £605,000 (2016 - £580,000) and employees' contributions totalled £152,000 (2016 - £159,000). The agreed contribution rates for future years are 24% for employers and 5.8% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.20 %
Rate of increase in salaries	3.70 %	3.40 %
Rate of increase for pensions in payment / inflation	2.20 %	2.00 %
Inflation assumption (CPI)	2.20 %	1.90 %

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25. Pension commitments (continued)

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

	2017	2016
Retiring today		
Males	23.1	23.1
Females	25.7	25.7
Retiring in 20 years		
Males	25.4	25.9
Females	28.4	28.9

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	(362)	(660)
Mortality assumption - 1 year increase	267	232
CPI rate +0.1%	372	349

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	3,782,000	2,627,000
Government bonds	1,404,000	1,021,000
Other bonds	494,000	380,000
Property	625,000	547,000
Cash and other liquid assets	417,000	156,000
Other	995,000	479,000
Total market value of assets	<u>7,717,000</u>	<u>5,210,000</u>

The actual return on scheme assets was £507,000 (2016 - £798,000).

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

	2017 £	2016 £
Current service cost	(892,000)	(599,000)
Interest income	134,000	163,000
Interest cost	(320,000)	(320,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(15,000)	(13,000)
Total	<u>(1,093,000)</u>	<u>(769,000)</u>

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25. Pension commitments (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	13,339,000	5,371,000
Upon conversion	1,277,000	2,600,000
Current service cost	892,000	599,000
Interest cost	320,000	320,000
Employee contributions	152,000	159,000
Actuarial (gains)/losses	(811,000)	4,330,000
Exchange differences on foreign schemes	(104,000)	(40,000)
Business combinations	-	-
Closing defined benefit obligation	15,065,000	13,339,000

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

	2017 £	2016 £
Opening fair value of scheme assets	5,210,000	2,600,000
Upon conversion	576,000	1,127,000
Return on plan assets (excluding net interest on the net defined pension liability)	134,000	163,000
Actuarial losses	1,159,000	634,000
Employer contributions	605,000	580,000
Employee contributions	152,000	159,000
Transfer/Benefits paid	(104,000)	(40,000)
Administration expenses	(15,000)	(13,000)
Closing fair value of scheme assets	7,717,000	5,210,000

26. Operating lease commitments

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	12,883	12,845
Between 1 and 5 years	17,530	28,973
Total	30,413	41,818

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27. Related party transactions

The Trust made sales of £30,476 (2016: £33,257) to Cumbria Alliance of Systems Leaders and had a year end balance due of £21,367 (2016: £16,628). Sales of £nil (2016: £90) were made to the University of Cumbria, together with purchases of £480 (2016: £1,250). There were no year end balances outstanding with this entity.

28. Post balance sheet events

Following conversion to a MAT during the year, on 1 September two additional schools, Yanwath Primary School and Tebay Primary School, joined the Trust. The changes to the governance and leadership arrangements are described in full in the Trustees report.