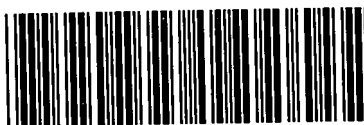


Registered number: 07949154 (England and Wales)

**CORE EDUCATION TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**

---

<b>Members</b>	Sir Mark Grundy Prof. Monder Ram OBE Amajit Talwar MBE Yvonne Wilkinson
<b>Trustees</b>	Robert Wiggins (resigned 12 October 2016) Andrew Argyle Dr Steve Ball (appointed 9 October 2015) Sussan Beardsmore (appointed 17 December 2015, resigned 24 October 2016) Richard Egan (resigned 8 October 2015) Bryony Flint (resigned 13 October 2015) Sabina Kauser Amran Majid (resigned 12 October 2015) Jonathan Marshall (resigned 6 December 2016) Adrian Packer, Chief Executive Officer (CEO) Patricia Smart (resigned 22 November 2015) Amajit Talwar MBE, Chair of Trustees from 12 October 2016
<b>Company registered number</b>	07949154
<b>Company name</b>	CORE Education Trust
<b>Principal/Registered office</b>	Naseby Road Alum Rock Birmingham B8 3HG

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**CORE EDUCATION TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**

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**Advisers (continued)**

**Company secretary**      Joanne Tyler

**Executive Team**  
Adrian Packer, Chief Executive Officer  
Joanne Tyler, Director of Business and Finance

**Independent auditor**      Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**      Lloyds Bank  
22A Great Hampton Street  
Birmingham  
West Midlands  
B18 6AH

**Solicitors**      Bates Wells Brathwaite  
10 Queen Street Place  
London  
EC4R 1BE

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of CORE Education Trust (the Academy Trust) for the year ended 31 August 2016. The Trustees confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2015.

On 1 September 2015 one of the Academy Trust's three schools, Golden Hillock, was transferred out at net book value for nil consideration.

During the year the Academy Trust operated 1 secondary academy and 1 primary academy for pupils in Birmingham. It had a combined pupil capacity of 1,440 and a roll of 1,410 in the school census in January 2016.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

The CORE Education Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum, Articles of Association and Funding Agreement are the primary governing documents of the Academy Trust. The trustees of The Core Education Trust are also the Directors of the charitable company for the purpose of company law. The charitable company is known as The CORE Education Trust.

The Trustees who served during the year and up to the date of this report are listed on the Reference and Administrative Details 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**

The Trustees are directors of the charitable company for the purpose of the Companies Act 2006 and Trustees for the purpose of charity legislation. The Trust is part of the Department for Education Risk Protection Arrangement and has professional indemnity cover.

### **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

New Trustees are recruited in accordance with the Articles of Association. All new Trustees are recruited through a rigorous process which includes completion of a written application form, formal interview with the Members, skills audit, references and due diligence. The term of office for any Trustee is 4 years, although this time limit does not apply to the CEO. The Trust has used the services of SGOSS to ensure the calibre of candidates demonstrate the right skill set needed. An Independent Chair was recruited to undertake a one year term of office. The Board sought the services of a turnaround specialist to take on this role during the final phase of the trust's schools transformation from Special Measures to Good.

The trust introduced CORE Value Champions to take on a specific portfolio of responsibility for each of the CORE Values. This is demonstrated by a trustee with Safeguarding expertise taking on the respect agenda.

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The training and induction provided for new Trustees will depend on their existing experience and will always include Safeguarding and Prevent. Where necessary induction will provide training on charity and educational legal financial matters. All new Trustees will be given the opportunity to tour the academies and the chance to meet with students and staff. The Trust continues to procure Governor Support Services provided by Birmingham City Council, the local authority. The Trust is a member of the National Governors Association. Additional training is provided as required based on individual or collective need. External advice and support is commissioned as and when necessary.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All trustees are provided with the policies, procedures, minutes, accounts, budgets and other documents they need to undertake their role.

**ORGANISATIONAL STRUCTURE**

The structure of the Trust consists of four senior levels; the Trustees which includes the CEO; Local Governing Bodies; the Principals and the broader Senior Leadership Teams, which includes Vice Principals, Assistant Principals and academies Business Managers and a Trust Chief Financial Officer. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the academies nurture the talents of its entire staff to support continual improvement and excellence.

The Trustees are responsible for setting the Trust's strategic direction, ethos and policies. They are responsible for oversight of each of the academies in terms of finance, outcomes and welfare of students and staff.

In each Academy it is the Principal and the Senior Leadership Team that control at an executive level, implementing policies set by the Trustees. The Principal is line managed by the CEO and reports to the Local Governing Body. A member of the Trust is in attendance at each Local Governing Body meeting and the Finance committee has a representative from each LGB. This ensures a two way dialogue between the Board and the LGBs. It is through these mechanisms that the Trustees retain overall oversight of governance. The CEO is the Accounting Officer for the Trust, supported by the Trust's Chief Financial Officer, a role undertaken by the Director of Business and Finance.

It is for each Local Governing Body as described in their Schemes of Delegation to establish if they wish to have any sub committees. The expectation is that each Local Governing Body deals with all aspects except for the following, which should be dealt with via a single purpose panel:

- Pupil and staff discipline
- Staff capability
- Appeal committees
- Complaints

**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The salaries of senior Trust staff are reviewed annually by the CEO; the CEO's salary is reviewed by the Chair of the Board of Trustees. All senior staff are performance managed against Trust KPIs relevant to their job role. Each member of senior staff has an agreed pay range and, subject to satisfactory performance outcomes, progress one point incrementally each September. In line with the scheme of delegation this is recommended by the CEO through consultation with the Board of Trustees. The recommendation for the CEO's award is made by the Chair of the Board of Trustees.

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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Senior staffs in place during 2015-16 have a contractual entitlement to a maximum 15% bonus which is mapped to relevant KPIs. For the year 2015-16, these KPIs were approved in the 3 Year Development Plan approved by the Board the previous year. Each KPI is attributed a percentage value within the 15 percent range. It is agreed at the beginning of the academic year what these Key Performance Indicators (KPIs) and percentage attributions are and it is also agreed what evidence should be submitted to support approval or otherwise of bonus entitlements. All bonus approvals are presented to the Board of Trustees.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Academy Trust works with The Collegiate Academy Trust, Greet Teaching School Alliance, Benson Community school and Birmingham Rep. These organisations are connected through Members and Trustees.

**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

The principal object of the Charitable Company is the operation of CORE Education Trust; in which are the academies of Nansen Primary School and Rockwood. The purpose is "to advance for the benefit, education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a broad and balanced curriculum". This is exemplified within the Trust's mission:

To provide children with a high quality educational experience realised through a collective commitment to its four 4 CORE Values:

- Collaboration
- Opportunity
- Respect
- Excellence

The Trust expects these values to support an emphasis on the spiritual, moral, social and cultural development of children and allow for a celebration of diversity and a promotion of modern British values.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

Rockwood Academy is an 11-16 mixed comprehensive school. In April 2016, it was rated Good after 18 months in Special Measures.

In March 2015, the Trust agreed to change the name of the school to Rockwood Academy which took effect from 1st September 2015. This decision was made in response to the adverse connotations and perceptions associated with the Park View brand following the well-publicised events in the previous two years.

The new identity was agreed to place a strong emphasis on modern British values and a sense of rejuvenation, innovation, aspiration and localism. This process was led by the CEO, Adrian Packer, who took over the running of the trust in September 2014.

The newly branded Rockwood is now a central hub for enrichment pioneering outward facing approaches to learning. A permanent Principal, Mr Fuzel Choudhury, was appointed and took up the post from 1st September 2015. By April 2016, Ofsted noted that "The culture and ethos of the school have been transformed since the previous inspection."

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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Nansen Primary School is a large primary school with over 870 pupils. There is also a nursery on site educating a total of 78 pupils for 15 hours each.

In September 2015, Nansen Primary School was attributed its own distinctive identity. From that point it was steered by the CORE Values and allowed to celebrate its unique brand identity, inspired by Norwegian explorer, scientist, diplomat, humanitarian and Nobel Peace Prize Laureate, Fridtjof Nansen.

An interim Head teacher, Cath Rindl took charge of Nansen on a temporary basis in March 2015. She was appointed on a permanent basis from September 2016.

By April 2016, Nansen was awarded an Ofsted rating of Good for the first time in its history.

In 2015, Trustees set out a new three year Development Plan and published KPIs to cover the period 2016 - 2019

The Trust's main priorities for September 2015 to August 16 were to:

**Support School development by:**

Building over-capacitation of human resources

Implementing a Trust Development Plan focused on securing positive Section 5 Ofsted outcomes Spring Term 2016

Quality assuring individual School Development Plans to secure positive Section 5 Ofsted outcomes Spring Term 2016

Diversifying the curriculum

Improving the use of technology to facilitate greater innovation and improvement of standards

Developing character development programmes

**Support staffing by:**

Focusing on recruitment and retention of good and outstanding teachers

Improving staff morale

Developing CPD and leadership opportunities

Sharpening performance management processes

**Support the development of policy and procedures by:**

Developing diversity and equality initiatives

Sharpening safeguarding procedures through systems such as CPOM

Ensuring statutory compliance in key areas such as the provision for Looked After Children

Developing a consistent approach to positive behaviour for learning

**Support an effective communication strategy by:**

Establishing the positive re-branding of the Trust and Academies

Improving overall communication strategies

Developing effective parental forums

**Support partnership development programmes by:**

Engaging with parents and encouraging greater participation in their children's learning

Developing closer links with business

Improving community access

Developing School to School support, building Trust sustainability over time

Working with BEP (Birmingham Education Partnership) to improve access to local education networks



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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Support overall Trust development by:**

Providing governor training and development

Improving the understanding of roles and responsibilities of Members, Directors and Governors to demonstrate direct impact on outcomes for children

**PUBLIC BENEFIT**

In setting objectives and planning the Trusts activities, the Board of Trustees have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

Nansen Primary School, Rockwood Academy and the Trust itself enjoyed a remarkable year of turnaround and transformation. Both schools were successfully removed from Special measures and all KPIs were successfully met. In some cases, Year 2 and 3 Development Plan KPIs were also met 1 or 2 years ahead of schedule. The Trust now has a brand new identity and is associated with best practice sponsorship.

Ofsted noted of the Trust that:

- The chief executive of the CORE Education Trust has been instrumental in reshaping the culture and ethos of the school. His strategic direction has steered Rockwood Academy successfully through a period of great turbulence that emerged as a result of extensive and necessary changes to the leadership, staffing and operating procedures of the school. As a consequence pupils at Rockwood Academy are now experiencing a suitably broad education that ensures they are well prepared for life in modern Britain.
- Directors and members of the CORE Education Trust provide clear strategic direction to the school.
- The positive values of the Trust, 'collaboration', 'opportunity', 'respect' and 'excellence', underpin Rockwood Academy's procedures and practices and the trust monitors rigorously the school's work to ensure that this is the case. These values reflect the trust's powerful moral commitment to ensuring that pupils succeed not only academically, but also become responsible citizens.
- CORE Education Trust holds senior leaders and the local governing body rigorously to account for the difference they are making to pupils' learning and personal development. The chief executive officer is an exceptional leader. Together with the head teacher at Nansen Primary he ensures that the achievement of pupils and staff are celebrated and immediate action is taken in response to any weaknesses.

The Trust also underwent a full self-evaluation process and reviewed its scheme of delegation arrangements. It also implemented an Accountabilities and Support Schedule.

**KEY PERFORMANCE INDICATORS**

**Rockwood Academy**

The academy continues to be heavily over-subscribed. It moved up two Ofsted grades from Special Measures to a GOOD grading overall and GOOD in all areas in the spring of 2016.

Contextual background to outcomes in 2016: Cohort 2016 had significantly low prior attainment on entry (only 17 schools nationally had equally or lower prior attainment measures on entry) and were following a legacy curriculum with a maximum of seven qualifications attainable within a system where the headline measures involve averaging across eight grades. The school has 90%+ students with EAL.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Key Stage 4 - GCSE Unvalidated Headlines:**

Progress 8: +0.1 (Average, but high within this range – positive progression evident as only 7 qualifications used within 8 qualification count)

Attainment 8 - in line/above national at group level (low, middle and high prior attainment groups). This is despite significantly low entry points and the numerical impact of the legacy curriculum model of only 7 qualifications.

Overall Attainment 8: 42.1

English and Maths A\*C: 49%

English Baccalaureate: 23% (in line with National, despite significantly low starting points)

**Nansen Primary School**

The school had increased mobility in pupil population during the academic year, but is now oversubscribed in all year groups. It moved up two Ofsted grades from Special Measures to a GOOD grading overall and GOOD in all areas in the Spring of 2016. This is the highest Ofsted grading in the school's history.

Contextual background to outcomes in 2016: Nursery baseline data shows children arrive significantly below expected levels on entry. The school has 90%+ pupils with EAL. Within Year 1 in 2015/16 there was an increase in pupils joining the school newly arrived to the country with EAL. 19% of the Year 6 Cohort were pupils with SEN and 96% EAL.

**Early Years Foundation Stage**

65% of pupils achieved a Good Level of Development GLD (above Birmingham Average), despite significantly low levels on entry. This confirms strong progress is made.

**Key Stage 1**

58% of pupils achieved age expected standard or above in Combined RWM (Close to National and above Birmingham Average)

71% of pupils in Year 1 achieved age expected standard in Phonics

**Key Stage 2**

The school met the National Floor Standards for Progress

35% of pupils achieved age expected standard or above in Reading

71% of pupils achieved age expected standard or above in Writing (Close to National)

46% of pupils achieved age expected standard or above in SPAG

46% of pupils achieved age expected standard or above in Maths

30% of pupils achieved age expected standard or above in Combined RWM

23% of disadvantaged pupils achieved age expected standard or above in Combined RWM

Progress Reading score of -4.84

Progress Writing score of -0.83 (Average)

Progress Maths score of -3.61

**GOING CONCERN**

The Trust has considered its academies and the Trust's financial position and in particular has taken account of projected pupil numbers, the demand for places and the broader educational landscape. The Board of Trustees has reasonable expectations that the Trust has and will continue to have adequate resources to enable it to be a sustainable going concern for 2015/2016 and for the foreseeable future. For this reason the Trust continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**FINANCIAL REVIEW**

Each academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during 2015/16.

**Restricted General Fund**

The majority of each academy's income was received through Education Funding Agency (EFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the academy's charitable activities; its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £9,542,461; expenditure against the fund was £8,352,357, giving an in-year restricted fund deficit of £443,442 after actuarial losses and transfers from the Restricted Fixed Asset Fund.

**Unrestricted Funds**

Income received into the Unrestricted Fund was £196,314. Expenditure against the fund was £1,091,137 for the year, giving an in-year Unrestricted Fund deficit of £894,823.

**Restricted Fixed Asset (Capital) Fund**

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's depreciation policy.

The SOFA shows a £9,624,379 Restricted Fixed Asset Fund year end deficit after transfers between funds.

**Summary of Financial Performance**

Total fund balance as at 31st August 2016 was £16,308,470 comprised of £480,147, £454,644 and £18,997,679 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £3,624,000.

**Balance Sheet**

The Trust's assets were predominantly used for providing education to school students. Some assets were let to the local community, predominantly for sports and holiday activities.

The net book value of the Trust's tangible fixed assets was £18,997,679 as at 31st August 2016. The movement in this account is detailed in note 13.

Cash in hand at 31st August 2016 was £1,548,424.

**RESERVES POLICY**

The Trustees review each Academy Trust's reserves annually. The Board of Directors has determined that the appropriate level of free reserves should be at least 5% of the General Annual Grant. The policy of the Trust is to carry forward a prudent level of resources designed to meet the long term needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA.

The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergencies or unplanned population growth as required by local circumstances. In future years capital maintenance and development projects may be considered in the reserves policy review.

The Trust's free reserves that are available to be used on the Trusts charitable objects as at 31st August 2016 were £934,791, including £480,147 of general unrestricted reserves and £454,644 of restricted general reserves.

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**INVESTMENT POLICY**

The Trust receives its income from the EFA on a monthly basis which covers recurring income. Cash balances are maintained at appropriate level. The aims of the investment policy are:

- To ensure adequate cash balances are maintained in the current accounts to cover the day to day working capital requirements of the schools
- To minimise the risk of loss of capital
- To optimize returns on invested funds

During the year the Academy Trust did not invest any money and all funds remained in the current accounts due to the turbulence and settling of staffing issues.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Academy Trust has assessed the major risks to which it and its schools are exposed to, in particular those relating to finances, teaching, provision of facilities and reputational risk.

**Reputational:**

The continued media interest has resulted in a concerted effort to change the perceived perception of the schools. The trust and its schools need to be aware of the impact continuing investigations may have on its reputation.

**Financial:**

The trust is aware of the economic uncertainties with regards to public funding and has started the process to assess the potential risks. Rockwood Academy set a deficit budget and as a result restructured the support staff which resulted in significant voluntary redundancies.

**Pensions:**

The rising cost of pension contributions is a concern to the trust and makes an increase to staffing costs inevitable. The removal of contracting out arrangements has resulted in increased NI contributions.

**Safeguarding:**

The trust continues to ensure the highest standards are maintained in the recruitment of staff, trustees, governors and volunteers. The trust is working in collaboration with the Local Authority to deliver the training on Prevent for the schools within Birmingham. This continues to be an area the trust will lead on at a national level.

**PLANS FOR FUTURE PERIODS**

**FUTURE DEVELOPMENTS**

The CEO presented an expansion and development strategy to the Board of Trustees. The principles of this plan were approved. The plan involves a continuation of a local solution approach for schools in the West Midlands. The strategy involves the trust sponsoring no more than 10 schools in this region up until 2022. A new staffing structure has been devised to accommodate the need for additional capacity and the Trust is working towards specific milestones. Over the longer term, the Trust may consider a further 10 schools in a 2nd region. This will mirror the approach in the West Midlands.

The Trust is entering the next stage of its growth after a turbulent few years. The focus is on the business processes and this will reduce its reliance on contracted in support and agencies. As the schools within the Trust are now stable this will have a positive impact in the ability to recruit staff. The board expect a significant improvement in operating efficiency from this which has started with the appointment of the Director of Education and a significant number of permanent teachers.

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**CORE EDUCATION TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**FUNDS HELD AS CUSTODIAN**

The Trust is not the custodian of funds on behalf of others.

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the members of the Board of Trustees on 13/12/16 and signed on its behalf by:



**Amajit Talwar MBE**  
Chair of Trustees

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that CORE Education 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 CORE Education 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**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. 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
Robert Wiggins	5	5
Andrew Argyle	3	5
Dr Steve Ball	4	4
Sussan Beardsmore	2	3
Richard Egan	1	1
Bryony Flint	1	1
Sabina Kauser	4	5
Amran Majid	0	1
Jonathan Marshall	1	2
Adrian Packer	5	5
Patricia Smart	1	1
Amajit Talwar MBE	3	5

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**GOVERNANCE STATEMENT (continued)**

<b>Rockwood Local Governing Body</b>		
Richard Egan (Chair)	3	4
Steve Ball	1	4
Amran Majid	3	3
Keith Campbell	4	4
Maggie Tate	0	0
Shazad Ul Hassan	3	3
Shabina Bi-Baroo	5	5
Fuzel Choudhury	5	5
Arshad Malik	1	1
Mohammed Saud Khan	0	1
Shasta Parveen	1	1
<b>Nansen Local Governing Body</b>		
Bryony Flint (Chair)	6	6
Sabina Kauser	6	6
Shariat Rodnekin	5	6
Rachel Fenton	5	6
Cath Rindl	6	6
Khalid Rashid	0	4
<b>Finance Committee</b>		
Andy Argyle (Chair)	3	3
Bryony Flint	3	3
Richard Egan	0	3
Joanne Tyler	3	3
Cath Rindl	3	3
Fuzel Choudhury	0	3

The trustees undertook a review of internal committees and established a Finance Committee with robust terms of reference, which has met 3 times during the year

**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during 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 Trust has delivered improved value for money during the year by:

- Revised Trust Scheme of Delegation to ensure clear lines of accountability are in place;
- Both schools within the trust now rated Good by Ofsted;
- The quality of curriculum provision and teaching now meets the requirements of National Curriculum and the students' needs. Teaching builds on previous learning and has high expectation of the children's achievement;
- All children have access to external Arts and Sports partners to enhance the class based learning;
- The quality of the school environment and equipment has been significantly enhanced.

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**CORE EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CORE Education Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Schools Financial Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations

On a quarterly basis the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

For 2016/17 the Board has appointed Crowe Clark Whitehill LLP, the Trusts external auditor, to undertake a programme of financial controls testing under the direction of the Board of Trustees.



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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

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

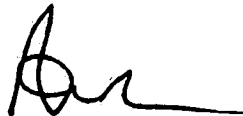
- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13/12/16 and signed on its behalf, by:



**Amajit Talwar MBE**  
Chair of Trustees



**Adrian Packer**  
Accounting Officer

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of CORE Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the 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 2015.

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



**Adrian Packer**  
Accounting Officer

13/12/16

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who act as governors of CORE 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 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 2015 to 2016;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 13/12/16 and signed on its behalf by:



**Amajit Talwar MBE**  
Chair of Trustees

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CORE  
EDUCATION TRUST**

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We have audited the financial statements of CORE Education Trust for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CORE  
EDUCATION TRUST**

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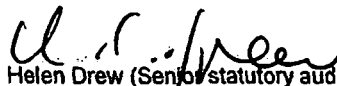
**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

  
Helen Drew (Senior statutory auditor)  
for and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG  
Date: 21-12-16

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CORE  
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 6 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CORE Education Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF CORE EDUCATION TRUST'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of CORE Education Trust's funding agreement with the Secretary of State for Education dated 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 draw to our conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company and specific transactions identified from our review.

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CORE  
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe Clark Whitehill LLP*  
Crowe Clark Whitehill LLP  
Reporting Accountant  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 21-12-16

**CORE EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	5,921	-	31,526	37,447	277,735
Charitable activities	5	32,201	9,542,461	-	9,574,662	16,366,287
Other trading activities	3	155,963	-	-	155,963	55,667
Investments	4	2,229	-	-	2,229	4,751
<b>TOTAL INCOME</b>		<b>196,314</b>	<b>9,542,461</b>	<b>31,526</b>	<b>9,770,301</b>	<b>16,704,440</b>
<b>EXPENDITURE ON:</b>						
Raising funds		57,224	-	-	57,224	50,935
Charitable activities:						
Transfer out of Academy Trust	24	956,638	(1,992,000)	9,209,256	8,173,894	-
Other charitable activities		77,275	10,344,357	666,195	11,087,827	17,981,629
<b>TOTAL EXPENDITURE</b>	6	<b>1,091,137</b>	<b>8,352,357</b>	<b>9,875,451</b>	<b>19,318,945</b>	<b>18,032,564</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	(894,823)	1,190,104	(9,843,925)	(9,548,644)	(1,328,124)
		-	(219,546)	219,546	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(894,823)	970,558	(9,624,379)	(9,548,644)	(1,328,124)
Actuarial losses on defined benefit pension schemes	21	-	(1,414,000)	-	(1,414,000)	(295,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(894,823)</b>	<b>(443,442)</b>	<b>(9,624,379)</b>	<b>(10,962,644)</b>	<b>(1,623,124)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,374,970	(2,725,914)	28,622,058	27,271,114	28,894,238
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>480,147</b>	<b>(3,169,356)</b>	<b>18,997,679</b>	<b>16,308,470</b>	<b>27,271,114</b>

The notes on pages 25 to 47 form part of these financial statements.



**CORE EDUCATION TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07949154

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	13		18,997,679		28,622,058
<b>CURRENT ASSETS</b>					
Debtors	14	537,109		1,016,770	
Cash at bank and in hand		1,548,424		3,664,497	
		2,085,533		4,681,267	
<b>CREDITORS: amounts falling due within one year</b>	15	(1,150,742)		(1,969,211)	
<b>NET CURRENT ASSETS</b>			934,791		2,712,056
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			19,932,470		31,334,114
Defined benefit pension scheme liability	21		(3,624,000)		(4,063,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			16,308,470		27,271,114
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted income funds:					
Restricted funds	16	454,644		1,337,086	
Restricted fixed asset funds	16	18,997,679		28,622,058	
Restricted funds excluding pension liability		19,452,323		29,959,144	
Pension reserve		(3,624,000)		(4,063,000)	
Total restricted funds			15,828,323		25,896,144
Unrestricted funds	16		480,147		1,374,970
<b>TOTAL FUNDS</b>			16,308,470		27,271,114

The financial statements were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

13/12/16



**Amajit Talwar MBE**  
Chair of Trustees

The notes on pages 25 to 47 form part of these financial statements.

**CORE EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	<u>(724,315)</u>	<u>(376,644)</u>
<b>Cash flows from investing activities:</b>			
Interest received		2,229	4,751
Proceeds from the sale of tangible fixed assets		-	3,178
Purchase of tangible fixed assets		(251,072)	(455,837)
Capital grants from DfE/EFA		31,526	252,122
<b>Net cash used in investing activities</b>		<u>(217,317)</u>	<u>(195,786)</u>
 Cash transferred out - Golden Hillock	 24	 <u>(1,174,441)</u>	 <u>-</u>
 <b>Change in cash and cash equivalents in the year</b>		 <b>(2,116,073)</b>	 <b>(572,430)</b>
Cash and cash equivalents brought forward		<u>3,664,497</u>	<u>4,236,927</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>1,548,424</u></u>	<u><u>3,664,497</u></u>
The notes on pages 25 to 47 form part of these financial statements.			

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES**

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

**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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The prior year figures include three schools however the current year include two due to the transfer out of Golden Hillock at 1 September 2015. The assets and liabilities of Golden Hillock were transferred out of the Academy Trust at net book value for nil consideration, further details can be found in note 24.

**First time adoption of FRS 102**

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

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

Where changes have been required in relation to FRS 102 these changes can be found in note 26.

**1.2 Company status**

The Academy Trust is a company limited by guarantee, incorporated and registered in England and Wales (registration no. 07949154). The registered office is Naseby Road, Alum Rock, Birmingham, B8 3HG. The members of the company are named on page 1. In the event of the Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy Trust.

**1.3 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation 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.

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education.

**1.5 Income**

All income is recognised once the Academy Trust 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 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 in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

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

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

**1.7 Tangible fixed assets and depreciation.**

All assets costing more than £1,000 are capitalised.

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

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land and buildings	-	lower of period of the lease or useful economic life
Motor vehicles	-	4 years
Fixtures & fittings	-	10 years
Computer equipment	-	3 years

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**CORE EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Taxation**

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

**1.9 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.10 Liabilities and provisions**

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

Provisions 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.

**1.11 Financial instruments**

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.12.

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Pensions**

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

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

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

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

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**CORE EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	5,921	-	-	5,921	25,613
Capital grants	-	-	31,526	31,526	252,122
	<u>5,921</u>	<u>-</u>	<u>31,526</u>	<u>37,447</u>	<u>277,735</u>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds, £25,613 was to restricted funds and £252,122 was to restricted fixed asset funds.



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**3. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Hire of facilities	36,040	36,040	27,127
Sales of goods	8,801	8,801	166
Other income	111,122	111,122	28,374
	<u>155,963</u>	<u>155,963</u>	<u>55,667</u>

In 2015, of the total income from other trading activities, £55,667 was to unrestricted funds.

**4. INVESTMENT INCOME**

	<b>Unrestricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Bank interest	2,229	2,229	4,751
	<u>2,229</u>	<u>2,229</u>	<u>4,751</u>

In 2015, of the total investment income, £4,751 was to unrestricted funds.

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**5. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Funding for educational operations	-	9,542,461	9,542,461	16,299,940
School trip income	32,201	-	32,201	42,547
Sport Organiser grant income	-	-	-	23,800
	<u>32,201</u>	<u>9,542,461</u>	<u>9,574,662</u>	<u>16,366,287</u>

In 2015, of the total income from charitable activities, £42,547 was to unrestricted funds and £16,323,740 was to restricted funds.

**FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>			
General annual grant (GAG)	8,125,308	8,125,308	13,965,729
Start-up grants	983,030	983,030	1,703,848
Other DfE/EFA grants	190,538	190,538	283,858
	<u>9,298,876</u>	<u>9,298,876</u>	<u>15,953,435</u>
<b>Other government grants</b>			
Local Authority grants	243,585	243,585	346,505
	<u>243,585</u>	<u>243,585</u>	<u>346,505</u>
	<u>9,542,461</u>	<u>9,542,461</u>	<u>16,299,940</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £16,299,940 was to restricted funds.

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**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	53,400	-	3,824	57,224	50,935
Funding for educational operations:					
Direct costs	5,614,655	-	767,799	6,382,454	10,942,010
Support costs	1,941,446	1,664,921	1,099,006	4,705,373	7,039,619
Transfer out of Academy Trust	-	-	8,173,894	8,173,894	-
	<u>7,609,501</u>	<u>1,664,921</u>	<u>10,044,523</u>	<u>19,318,945</u>	<u>18,032,564</u>

In 2015, of the total expenditure, £206,046 was to unrestricted funds, £16,719,993 was to restricted funds and £1,106,525 was to restricted fixed asset funds.

**7. SUPPORT COSTS**

	Funding for educational operations £	Transfer out of academy (note 24) £	Total 2016 £	Total 2015 £
Premises costs	998,726	-	998,726	1,502,841
Other support costs	878,371	-	878,371	1,508,917
Governance costs	87,197	-	87,197	215,971
Professional fees	133,438	-	133,438	472,633
Transfer out of Academy Trust	-	8,173,894	8,173,894	-
Wages and salaries	1,565,193	-	1,565,193	1,816,879
National Insurance	81,278	-	81,278	104,314
Pension cost	294,975	-	294,975	311,539
Depreciation	666,195	-	666,195	1,106,525
	<u>4,705,373</u>	<u>8,173,894</u>	<u>12,879,267</u>	<u>7,039,619</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the Academy Trust's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the trust	666,195	1,106,525
Operating lease rentals	431,926	431,311
	<u>          </u>	<u>          </u>

**9. AUDITOR'S REMUNERATION**

	2016 £	2015 £
Fees payable to the Academy Trust's auditor for the audit of the Trust's annual accounts	19,000	59,600
Fees payable to the Academy Trust's auditor in respect of:		
All other non-audit services not included above	8,435	21,090
	<u>          </u>	<u>          </u>

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**10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,878,804	8,252,808
Social security costs	408,721	654,815
Operating costs of defined benefit pension schemes	759,648	1,022,486
	<u>6,047,173</u>	<u>9,930,109</u>
Supply teacher costs	1,405,090	2,307,441
Staff restructuring costs	157,238	96,918
	<u><u>7,609,501</u></u>	<u><u>12,334,468</u></u>

Staff restructuring costs comprise:

	2016 £	2015 £
Redundancy payments	116,022	-
Severance payments	41,216	96,918
	<u><u>157,238</u></u>	<u><u>96,918</u></u>

Included in restructuring costs were 15 (2015 - £Nil) non-statutory/ non-contractual severance payments totalling £41,216 (2015 - £Nil). Individually these amounts were £9,716, £3,500, £10,000 and 12 at £1,500.

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

	2016 No.	2015 No.
Teachers	73	133
Administration and support	124	196
Management	11	19
	<u><u>208</u></u>	<u><u>348</u></u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £100,001 - £110,000	1	0
In the band £110,001 - £120,000	0	1
In the band £140,001 - £150,000	1	0

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**10. STAFF COSTS (continued)**

The key management personnel of the Trust comprise the executive team detailed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £259,771 (2015: £202,366).

**11. RELATED PARTY TRANSACTIONS - 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:

		2016 £	2015 £
Adrian Packer	Remuneration	135,000-140,000	115,000-120,000
	Pension contributions paid	15,000-20,000	10,000-15,000

The above trustee also received benefits in kind amounting to £10,200 in the current year (2015 - £NIL) in relation to rent paid for accommodation as part of their contractual arrangements.

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**13. TANGIBLE FIXED ASSETS**

	Long Leasehold Land & Buildings £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2015	30,349,084	42,413	577,638	578,996	31,549,131
Additions	91,073	-	159,999	-	251,072
Transfer out of Academy Trust	(9,671,044)	(17,363)	(94,742)	(137,831)	(9,920,980)
At 31 August 2016	20,769,113	25,050	642,895	442,165	21,879,223
<b>Depreciation</b>					
At 1 September 2015	2,381,241	16,671	107,538	421,623	2,927,073
Charge for the year	555,679	6,263	64,289	39,964	666,195
Transfer out of Academy Trust	(607,998)	(8,320)	(15,487)	(79,919)	(711,724)
At 31 August 2016	2,328,922	14,614	156,340	381,668	2,881,544
<b>Net book value</b>					
At 31 August 2016	18,440,191	10,436	486,555	60,497	18,997,679
At 31 August 2015	27,967,843	25,742	470,100	158,373	28,622,058

**14. DEBTORS**

	2016 £	2015 £
Trade debtors	38,408	19,210
Other debtors	226,604	559,112
Prepayments and accrued income	274,097	438,448
	<u>537,109</u>	<u>1,016,770</u>

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**15. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	610,817	903,909
Other taxation and social security	-	182,867
EFA - Abatement of GAG	184,020	70,218
Other creditors	1,372	576,498
Accruals	354,533	235,719
	<u>1,150,742</u>	<u>1,969,211</u>
	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	67,044	-
Resources deferred during the year	58,759	67,044
Amounts released from previous years	(67,044)	-
Deferred income at 31 August 2016	<u>58,759</u>	<u>67,044</u>

Deferred income relates to grants received in advance of entitlement for the 16-17 academic year.



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**16. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	1,374,970	196,314	(134,499)	-	-	1,436,785
Transfer out of Academy Trust	-	-	(956,638)	-	-	(956,638)
	<u>1,374,970</u>	<u>196,314</u>	<u>(1,091,137)</u>	<u>-</u>	<u>-</u>	<u>480,147</u>
<b>Restricted funds</b>						
General Annual Grant	1,072,512	8,125,308	(8,523,630)	(219,546)	-	454,644
Other EFA/DfE grants	264,674	1,173,568	(1,438,142)	-	-	-
Other government grants	-	243,585	(243,585)	-	-	-
Pension reserve	(4,063,000)	-	1,853,000	-	(1,414,000)	(3,624,000)
	<u>(2,725,914)</u>	<u>9,542,461</u>	<u>(8,352,357)</u>	<u>(219,546)</u>	<u>(1,414,000)</u>	<u>(3,169,356)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Assets	28,622,058	31,526	(666,195)	219,546	-	28,206,935
Transfer out of Academy Trust	-	-	(9,209,256)	-	-	(9,209,256)
	<u>28,622,058</u>	<u>31,526</u>	<u>(9,875,451)</u>	<u>219,546</u>	<u>-</u>	<u>18,997,679</u>
<b>Total restricted funds</b>	<u>25,896,144</u>	<u>9,573,987</u>	<u>(18,227,808)</u>	<u>-</u>	<u>(1,414,000)</u>	<u>15,828,323</u>
<b>Total of funds</b>	<u>27,271,114</u>	<u>9,770,301</u>	<u>(19,318,945)</u>	<u>-</u>	<u>(1,414,000)</u>	<u>16,308,470</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**16. STATEMENT OF FUNDS (continued)**

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

**Unrestricted funds**

This fund represents unrestricted funds accumulated over time that can be spent at the discretion of the Trustees in the furtherance of the charitable objects.

**Restricted general funds**

This fund represents grants received for the Trust's operational activities and development to be spent on the furtherance of the Trusts charitable objects.

**Restricted fixed asset fund**

This fund represents the carrying value of the fixed assets that have been funded by grants from the EFA plus amounts received to be expended in the future on fixed assets.

**Gains and losses**

These represent the actuarial gains and losses on the Local Government Pension Scheme.

**Transfers**

These represent funds transferred from GAG to fund capital purchases and transfers between funds where costs have been borne out of different funds.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Core Education Trust	218,350	406,968
Rockwood Academy	245,836	445,460
Nansen Primary School	470,605	902,990
Golden Hillock School	-	956,638
Total before fixed asset fund and pension reserve	<u>934,791</u>	<u>2,712,056</u>
Restricted fixed asset fund	18,997,679	28,622,058
Pension reserve	(3,624,000)	(4,063,000)
Total	<u><u>16,308,470</u></u>	<u><u>27,271,114</u></u>

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**16. 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 depreciat- ion £	Total 2016 £	Total 2015 £
Core Education Trust	233,100	236,565	68,684	149,523	687,872	399,218
Rockwood Academy	2,360,919	1,076,114	192,225	1,173,057	4,802,315	5,571,468
Nansen Academy	3,074,036	628,767	466,143	819,723	4,988,669	4,330,617
Golden Hillock Academy	-	-	-	8,173,894	8,173,894	6,624,736
	<u>5,668,055</u>	<u>1,941,446</u>	<u>727,052</u>	<u>10,316,197</u>	<u>18,652,750</u>	<u>16,926,039</u>

**17. CENTRAL SERVICES**

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

- Leadership, Finance and Administrative support
- Audit fees
- Governance costs

The Trust charges for these services on the following basis:

A flat rate based on 4% of GAG income which is considered to broadly represent the relative size and complexity of each constituent academy.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Rockwood Academy	232,698	170,579
Nansen Primary School	258,456	150,728
Golden Hillock School	-	236,542
Total	<u>491,154</u>	<u>557,849</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	18,997,679	18,997,679	28,622,058
Current assets	480,147	1,605,386	-	2,085,533	4,681,267
Current liabilities	-	(1,150,742)	-	(1,150,742)	(1,969,211)
Defined pension scheme liability	-	(3,624,000)	-	(3,624,000)	(4,063,000)
	<u>480,147</u>	<u>(3,169,356)</u>	<u>18,997,679</u>	<u>16,308,470</u>	<u>27,271,114</u>

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(9,548,644)	(1,328,124)
<b>Adjustment for:</b>		
Depreciation charges	666,195	1,106,525
Returns on investments and servicing of finance	(2,229)	(4,751)
Decrease in debtors	44,838	36,957
Decrease in creditors	(165,843)	(61,516)
Capital grants from DfE and other capital income	(31,526)	(252,122)
LGPS pension adjustments	139,000	152,000
Net assets transferred on conversion	-	(25,613)
Removal of Golden Hillock	8,173,894	-
<b>Net cash used in operating activities</b>	<u>(724,315)</u>	<u>(376,644)</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	1,548,424	3,664,497
<b>Total</b>	<u>1,548,424</u>	<u>3,664,497</u>

**21. PENSION COMMITMENTS**

The Academy Trust'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 West Midlands Pension Fund. 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

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**21. PENSION COMMITMENTS (continued)**

March 2013.

Contributions amounting to £nil were payable to the schemes at 31 August 2016 (2015 - 114,001) and are included within creditors.

**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**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (previously 14.1%)
- total scheme liabilities (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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £425,973 (2015 - £600,369).

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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**21. PENSION COMMITMENTS (continued)**

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 2016 was £290,000 (2015 - £501,000), of which employer's contributions totalled £219,000 (2015 - £382,000) and employees' contributions totalled £71,000 (2015 - £119,000). The agreed contribution rates for future years are 18.7% and 16.4% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.75 %	4.15 %
Rate of increase for pensions in payment / inflation	2.00 %	2.40 %
Inflation assumption (CPI)	2.00 %	2.40 %

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

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**21. PENSION COMMITMENTS (continued)**

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,630,000	1,547,000
Government Bonds	191,000	192,000
Other Bonds	235,000	262,000
Property	218,000	219,000
Cash/liquidity	176,000	129,000
Other	297,000	239,000
<b>Total market value of assets</b>	<b>2,747,000</b>	<b>2,588,000</b>

The actual return on scheme assets was £432,000 (2015 - £103,000).

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

	2016 £	2015 £
Administration expenses	(2,000)	-
Net interest on defined liability	(78,000)	(139,000)
Current service cost	(278,000)	(395,000)
<b>Total</b>	<b>(358,000)</b>	<b>(534,000)</b>
<b>Actual return on scheme assets</b>	<b>432,000</b>	<b>103,000</b>

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

	2016 £	2015 £
Opening defined benefit obligation	6,651,000	5,626,000
Current service cost	278,000	395,000
Interest cost	167,000	233,000
Contributions by employees	71,000	119,000
Actuarial losses	1,757,000	304,000
Benefits paid	(120,000)	(26,000)
Transfer out of Academy Trust	(2,433,000)	-
<b>Closing defined benefit obligation</b>	<b>6,371,000</b>	<b>6,651,000</b>

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**21. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	2,588,000	2,010,000
Interest income	89,000	94,000
Actuarial gains and (losses)	343,000	9,000
Contributions by employer	219,000	382,000
Contributions by employees	71,000	119,000
Benefits paid	(120,000)	(26,000)
Transfer out of Academy Trust	(441,000)	-
Administration expenses	(2,000)	-
	<u>2,747,000</u>	<u>2,588,000</u>
Closing fair value of scheme assets	<u>2,747,000</u>	<u>2,588,000</u>

**22. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	386,561	431,926
Between 1 and 5 years	1,496,109	1,509,734
After more than 5 years	5,221,104	5,594,040
	<u>7,103,774</u>	<u>7,535,700</u>
Total	<u>7,103,774</u>	<u>7,535,700</u>



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**23. RELATED PARTY TRANSACTIONS**

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

Collegiate Academy Trust – an Academy Trust in which Sir Mark Grundy (a member of the trust) is a member:

- The trust purchased HR and school improvement services from the Collegiate Academy Trust totalling £47,176 (2015: £nil) during the period. There were no amounts outstanding at 31 August 2016 (2015: £nil)
- The trust made the purchase at arms' length in accordance with its financial regulations, which Mr Grundy neither participated in, nor influenced
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015

**24. TRANSFER OUT OF ACADEMY TRUST**

At 1 September 2015, the assets and liabilities of Golden Hillock School were transferred out of the Academy Trust at net book value for nil consideration.

The assets and liabilities of Golden Hillock at 1 September 2015 included fixed assets of £9,209,256, cash of £1,174,441, and the Local Government Pension Scheme deficit of £1,992,000. The remaining £217,803 relates to a mixture of short term assets and liabilities.

This transaction has therefore resulted in a loss of £8,173,894 in the current year financial statements.

**25. MEMBERS' LIABILITY**

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

**26. FIRST TIME ADOPTION OF FRS 102**

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

The policies applied under the Academy Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £38,000 to £295,000 with an increase in the charge to expenditure of the same amount.