

**Collective Spirit Oldham
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements
For the Year Ended
31 August 2016**



Registered Company Number: 08178309 (England & Wales)

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COLLECTIVE SPIRIT OLDHAM

Reference and Administrative Information

Board of Directors

Mr A Morgan (Chair)
Dr V Kalra
Mr S Kuncewicz (Resigned 1 December 2016)
Mr M Larcombe
Ms N Mistry
Mr A Lovatt
Mr M Uddin (Appointed 1 July 2016)
Mr B Barsky (Resigned 1 August 2016)
Dr S Miah (Resigned 1 July 2016)
Mr D McCall (Resigned 1 August 2016)
Mr M Potts (Resigned 1 July 2016)

Board of Governors

Dr Shamim Miah (Resigned 1 July 2016)
Elizabeth Whitehead (Resigned 1 July 2016)
Ben Barsky (Resigned 31 August 2016)
Mohib Uddin (Appointed 1 July 2016) (Chair)
Martyn Potts (Resigned 1 July 2016)
Rahena Khatun (Parent Governor)
Nimisha Mistry
Nicola Barthorpe (Resigned 1 September 2015)
Claire Harewood (Staff Governor)
Peter Ramsay (Acting Principal)
Mark McLoughlin

Members

Raja Miah
Shamim Miah

Senior Management

CEO
Former principal
Acting principal

Raja Miah
Elizabeth Whitehead
Peter Ramsay

School Address

Collective Spirit Oldham,
Butterworth Lane,
Chadderton,
Oldham,
OL9 8DX.

Registered Office Address

16 Blossom Street,
Ancoats,
Manchester,
M4 5AW.

Company Registration Number

08178309

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Reference and Administrative Information

Independent Auditors

Sleigh & Story Ltd,
Thornhill Brigg Mills,
Thornhill Beck Lane,
Brighouse,
West Yorkshire.
HD6 4AH

Bankers

Santander UK plc
298 Deansgate
Manchester
M3 4HH

Solicitors

Schofield Sweeney
Springfield House
76 Wellington Street
Leeds
LS1 2AY

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Annual Report of the Governors for the year ended 31 August 2016

The Board of Trustees present their annual report together with the financial statements and auditor's reports of the registered company for the period 1 September 2015 to 31 August 2016. The governors have complied with the duty in section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission, including public benefit guidance.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, Governance and Management Constitution

Collective Spirit Oldham is a company limited by guarantee, registered company no 08178309. The governing document of the company is its Memorandum and Articles of Association dated 27rd May 2011.

The board of trustees act as the directors of the company for the purposes of company law. The company is known as Collective Spirit Oldham.

Details of the Board of Directors who have served through the year except as noted are included in the Reference and Administrative Information.

Members' Liability

Each member of the company undertakes to contribute to the assets of the 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 £1 for the debts and liabilities contracted before they ceased to be a member.

Governors Indemnities

Employees and Directors/Governors are covered by professional indemnity insurance for failing arising from the performance of their duties that may lead to civil liability. There are no other third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

Principal Activities

The Collective Spirit Academy Trust is an independent, taxpayer- funded secondary school set up to provide young people of all abilities high standards of education. The objective of the school is to provide a faith sensitive environment where young people can flourish and achieve the highest standard of attainment whatever their background.

Recruitment and Appointment or Election of Directors/Governors

The directors of the company are also, under the company's Articles, known as members of the Board of Trustees. A number of the Board of Trustees will act as Governors of the school. Under the requirement of the Memorandum and Articles of Association the members of the Trust are elected to serve for a period of four years after which they must be re-elected at the next Annual General Meeting.

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Annual Report of the Governors for the year ended 31 August 2016

It is the plan that Governors retire by rotation and, being eligible, offer themselves for re-election. All Governors will give their time voluntarily and receive no benefits from the trust.

The Governors seek to ensure that the interests of the Trust are appropriately reflected on the Board.

Policies and Procedures Adopted for the Induction and Training of Directors and Governors.

Governors and Directors are given formal training on the responsibilities, duties and Academies Handbook by Schofield Sweeney Solicitors

Governors will be inducted in the workings of the School by the CEO, Principal and the educational Specialist who supports the Principal.

Child protection is a key focus of the school with NSPCC safeguarding training made available to all new Governors.

Each Board member and Governor will be DBS checked and training is made available annually to all parties. This training is via on line modules.

Members of the Board may avail themselves of trained and induction courses offered by professional organisations. Each governor will be issued with a Governance Framework, Scheme of Delegation, Gifts & Hospitality, Code of Conduct, Expenses, and a Declaration of interests policy.

A skills register will be maintained to assess the skills required of new Governors to ensure the correct levels of specialism to support the school operation and delivery. This register utilises national guidance on governors skill requirements.

Organisational Structure

The directors meet as a board at least 3 times a year to determine the general policy of the company and review its overall management and control for which they are legally responsible.

Financial Powers and Duties Reserved for the Board of Directors.

General

Approval of a written scheme of delegation of its financial powers and duties to its Local Governing Board, Leadership management, Pupil Outcomes, Personal committee, Behaviour and Welfare and Curriculum the Principal and other staff is imperative for the Trust. The scheme must satisfy the Boards of Directors ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the Academy.

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Annual Report of the Governors for the year ended 31 August 2016

Budgets/Budgetary Control

- Initial review of the annual Academy budget prior to the start of each financial year and recommending its acceptance.
- Formally approving the annual Academy budget prior to the start of each financial year.
- Considering budgetary control reports.
- Authorization of all virements between budget headings and awarding of contracts in excess of £5,000.

Purchasing

- Maintenance of a Register of Business Interests for all Governors and those Academy staff with financial responsibilities.
- Authorisation of the advertising of tenders above £5,001, and authorising the award of such tenders.
- Accepting the best value tender and minuting the reason(s) for their decision.
- Authorising orders above £5,000 for all purchases and approving Asset Management Plan spending above £5,000.
- Authorising orders and contracts above £25,001 following review by governing body.

Income

- Authorisation of invoices to reflect income above £5,000.
- Ensuring grants from the DfE are used only for the purposes intended.
- Ensuring that funds from sponsors are received according to the academy's Funding Agreement and are used only for the purposes intended.

Write Offs/Compensation

- Payment/authorisation of staff severance payment or compensation following detailed EFA guidance.
- Authorisation to write-off of bad debts/loans in line with Academies Handbook.

Security of Assets

- Authorisation of the disposal of individual items of equipment and materials that have come surplus to requirements, unusable or obsolete as approved by the Governing Board.

Accounts and Audit

- Appointment of external auditors.
- Review of the draft financial statements prior to audit and approval of the audited financial statements prior to submission to the EFA by 31 December.
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and control.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to Academies.
- Receiving from the Governing Board reports of the Responsible Officer on the use of

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Annual Report of the Governors for the year ended 31 August 2016

resources, systems of internal financial control, and discharge of financial responsibilities.

- Informing the EFA if it suspects any irregularity affecting resources.

Insurances

- Ensuring that arrangements for insurance cover are in place and adequate.

Personnel

- Sign off and agreement of all recruitment activities prior to them being undertaken.
- Authorising funding for permanent changes to the Academy's staffing structure.

Accounts and Audit

- Reviewing the draft financial statements and highlighting any significant issues to the Governing Board, prior to submission to the EFA by 31 December.

Powers and Duties Delegated to the Local Governing Board

General

The Governing Board has overall responsibility for the administration of the academy's finances. The main responsibilities of the Governing Board are prescribed in the Funding Agreement between the academy and the DFE and in the academy's scheme of governance.

Exercising the powers and duties of the Board of Directors in respect of the financial administration of the Academy, except for those items specifically those delegated to the Principal and other staff.

Reporting on decisions taken under delegated powers to the next meeting of the Board of Directors through meeting minutes and attendance where required.

The Governing Board meets minimum of 3 times per year but more frequent meetings will be arranged when necessary.

Budgets/Budgetary Control

- Considering budgetary control reports on the Academy's financial position at every meeting, taking appropriate action to contain expenditure within the budget and report to the Governing Board.
- Regular monitoring of actual expenditure and income against budget
- Reviewing the virement of sums between budget heads, subject to a limit of £4,999, as approved and authorised by the Board of Governors, which are to be formally notified to them.
- Authorising the virement of sums between budget heads below £4,999
- Reporting to the Board of trustees Body all significant financial matters and any actual or potential overspending.

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Annual Report of the Governors for the year ended 31 August 2016

Purchasing

- Authorising orders and contracts between **£5,000 and £25,000** this spend must be informed to and agreed at the Board of Directors.

Information and Communication System

- Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

Accounts and Audits

- The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.
- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- Ensuring that all records and documents are available for audit by the appointed external auditors.

Financial Power and Duties Delegated to the Principal

The Principal has delegated powers and functions in respect of internal organisation, management and control of the Academy, the implementation of all policies approved by the Board of Directors, Governing Board and for the direction of teaching and the curriculum.

Within the framework of the academy improvement plan as approved by the Governing Board the Principal has overall executive responsibility for the academy's activities.

Budgetary Control

Reviewing income and expenditure reports and highlighting actual or potential overspending to the Board of Governors.

Financial Management

Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations Manual and Academy Trust Policy's.

Purchasing

Authorising orders and contracts from **£1,001 to £4,999**. (can be delegated to the directors operations)

Before placed these purchase should be authorized and discussed with the Operations Manager.

Ensuring that all contracts and agreements conform to Financial Regulations.

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Payroll and Personnel

Confirming new staff appointments within the authorised staff structure and allocated staffing budget.

Security of Assets

Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc under his/her control.

Information and Communication System

Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

Accounts and Audits

The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.

Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.

Ensuring that all records and documents are available for audit by the appointed external auditors.

Pay committee

The Board of Governors meet at least 3 times a year to review overall school operation and determine development opportunities to enable improved learning outcomes and experience for pupils.

Committees have been formed to support the 4 Ofsted main areas. Leadership management, Pupil Outcomes, Personnel committee, Behaviour and Welfare and Curriculum. These committees meet 3 times a year.

Risk Management

The Board continues to support the School's development activities under review, particularly in regards to any major risks that may arise from time to time. It monitors the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate, by which those risks that can already identifiable can be best mitigated.

Collective Spirit School has appointed independent auditors who conduct 4 visits a year to review our financial management practices.

In addition, the school runs specific financial training for all staff involved in the management of resources to ensure they are clear on their responsibilities.

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This risk management is completed through review of the operating procedures and onsite inspections.

Connected Organisations, included Related Party Relationships

Collective Spirit is linked to Manchester Creative Studio School which is its sister school.

OBJECTIVES AND ACITIVITES

Objects and Aims

Our Vision

Our vision is to create a high achieving 'faith sensitive' small secondary school meeting the needs of our children and families. Designed in partnership with families from across all of our communities our school embraces cohesion and integration. Particularly amongst our poorest communities, existing educational provision is either not working, or not working fast enough. Using a radical approach to schooling, taking the best from international practice alongside new and original ideas, we will quickly become an exemplar school transforming the academic achievements and life aspirations of children from amongst our most deprived communities.

We believe education to be the most effective tool in supporting our children to overcome challenging life conditions. We consider that success should not be dependent upon our children's background, but upon opportunities that they have and the choices they make. The solutions to poverty, under achievement, social exclusion, disadvantage and deprivation will be realised by transforming established teaching practices. We place the needs of our children above existing teaching norms and doctrine.

Ethos

Education is the most effective tool to those seeking to better their quality of life. The solutions to poverty, social exclusion, disadvantage and deprivation lie not with others, but within an individual. The individual has the power to make a positive difference and transform his/her life circumstances.

Given the right opportunity, even in the most divided communities, people will come together to overcome shared challenges. Working together strengthens the bonds between communities that traditionally see themselves as separate and their collaborations will benefit themselves, their communities and society.

Faith is most effective when it seeks to reach out and be used as a power for good. Where we focus on the values, the commonality, the charity and the compassion that are shared across all faiths, we are most effective in using this for the good it was intended.

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Annual Report of the Governors for the year ended 31 August 2016

Our vision and ethos is underpinned by 10 key principles. These are:

1. Small School
2. Faith Sensitivity
3. Asset Based Approach
4. Teaching Partnerships
5. Innovation
6. Meaningful Qualifications
7. Resilience for Life
8. Enhanced Pastoral Care
9. Community
10. Expectations

Key Characteristics

To achieve our vision our school is underpinned with the following 10 key principles:

Small School - We are a small school. Our children know each other and our teachers know all our children and their families well. Stability, familiarity, safety and consistency in relationships are factors that contribute to a positive learning environment. Our teacher to pupil ratio averages 1 to 12.

A typical school day is comparable to that in a stable and caring family environment. The older children support the younger and our teachers educate, eat and play alongside our pupils. Where a child needs additional support we can identify this quickly and respond collectively.

Faith Sensitive - A faith sensitive ethos reflected throughout all aspects of our school. Our vision is shaped by the values shared across Christianity, Islam, Hinduism, Buddhism and Sikhism and will embody cohesion. A faith sensitive school approach to curriculum is interested in learning about religion and learning from religion but NOT learning to follow religion. We are a non-devotional school with an emphasis on moral thinking.

Asset based approach - We consider our children and their families to be our greatest assets and all aspects of our school are designed to maximise their potential. We believe that regardless of circumstance and past experience every one of our children, with the right support and guidance, can fulfil their potential.

Teaching Partnerships - Our teachers are supported in the delivery of our curriculum by a range of people, including teachers brought in from the highest achieving schools. Our teachers work in partnership both inside and outside the classroom. Our lessons typically have 4 teaching staff per classroom, working together to ensure that every one of our children receive the support they need to succeed. Our enhanced skills based curriculum is delivered in partnership with business and industry. Our partnership approach ensures, that from the outset, our school offers the highest teaching standards delivered in partnership with the best.

Innovative Learning - Our school day, classroom set up and new teaching methods maximises the learning experience. Our non-traditional school year, longer school day and enhanced curriculum ensures that our children have more time to learn, participating in a full and varied curriculum that

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places equal importance on both academic and skill-based learning. All aspects of school life are first and foremost designed to support the best interests of our children.

Meaningful Qualifications - Our curriculum prioritises are English, Maths and Science. Many of our children will come to us with low levels of numeracy and literacy. We consider strengthening these core areas to be a priority. Our children will work towards the new English Baccalaureate that is underpinned with these core subjects. Additionally, our children participate in a skills based curriculum delivered in partnership with leaders from business and industry. We prepare our children for entry into both employment and further education.

Resilience for Life - Our children are taught how to communicate effectively with the world around them. Our behaviour policies instil rules not just for school but also for life. We know that like all children ours will encounter adversity and setbacks. When this happens to our children they will be able to ask questions of themselves and those around them. Behaving with honour and integrity they will have the skills, temperament and positive attitude through which these challenges are overcome.

Enhanced Pastoral Care - Some children, particularly those from the most deprived backgrounds, face additional life challenges that can have a negative impact upon their education. Our enhanced pastoral system ensures that our children and families make the most of the educational opportunity on offer.

We intervene early and intensively in order to ensure that our children overcome difficulties and develop resilience towards beliefs, attitudes and experiences that may harm their potential to flourish.

Community - We nurture an environment in which we support each other contributing towards a culture of learning, aspiration, positive values and social responsibility. We encourage our communities to become involved in our school and facilitate positive interaction from our school with all our communities. Our school appeals to and resonates with the aspirations of children and families from across all ethnicities, faiths and socio-economic backgrounds.

Expectations - By the time a child finishes at our school they will leave with diverse portfolio of skills and experiences that set them apart from those around them. Equipped with meaningful qualifications, an aspiring attitude and a sense of civic responsibility they will be able to maximise their potential becoming the best of citizens. We have high expectations of all our children and believe that with the right support every one of them can succeed.

Ensuring our work delivers our aims

The school's first inspection by Ofsted took place on the 11th May 2016. This inspection ended with the school being placed in special measures.

The school undertakes its own regular Ofsted reviews to ensure that it is meeting the required standards of attainment.

The schools performance inspections are undertaken by Judicam Education who supply upto date qualified performance inspectors to support the school; they have been commissioned to do extra work around these areas to bring them to the required standards of operations.

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These inspections are conducted in a supportive and focused manner to ensure the educational outcomes, which were laid out in the funding agreement, are met, and achieved. The school has engaged with trained Ofsted inspectors to review the school performance and help drive development.

Regular lesson observations will take place and a performance review system will be in place which is linked to clear development targets for all teachers. This is used and monitored by the CEO and the school's education consultants.

Academic progress will be monitored by the Principal with the support of specialists to provide updates on progress at the Governing Body through production of a principal's report which will be presented and minuted.

Public Benefit

The objectives and activities, achievement and performance below explain the ways in which the Trust fulfils this obligation.

Strategic Report

Achievements and Performance

The Academy has 'traded' effectively during this period of operation from the 1 September 2015 to 31 August 2016. This in turn will increase our effectiveness during the forthcoming academic years.

Ultimately, we are a school and as such our effectiveness has to be judged in terms of the success of our students.

We have had a third school intakes so far and are expecting our fourth intake in 2016-2017 which is currently over subscribed.

We currently have students in year 7, 8 and 9 and have thus had no externally validated exam results.

Going concern

After making appropriate enquires, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operating existence for the foreseeable future.

The school believes that via management of the budget the school will be able to remain continually viable.

The school currently carries a deficit of £89,630 on the restricted general fund into the new financial year for goods ordered in July/August 2016 and to be delivered in September 2016.

All these monies have been allocated and budgeted within the 2016 – 2017 budget and will be paid on satisfactorily delivery of goods. These items include school furniture and building works that have been previously commissioned.

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Also National insurance has been paid within the month of staff payment but as rules will allow this has been moved into the preceding month to allow income to be unlocked to aid investment in additional school resources for the increased student intake.

None of the costs incurred are unexpected and have been considered.

For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial indicators

In 2015/2016 the Academy set and maintained a balanced budget.
The staffing levels that were budgeted for were mapped and maintained.

Our key financial indicators will include:-

- Balance of incoming and outgoing resources
- Year to date spend against forecast.
- Distribution of EFA grant across categories.
- Monthly cash flow and cash balance
- Capital investment in the building.

These indicators have been reviewed by the board within the school, to aid the monitoring of these arrangements.

FIANCIAL REVIEW

Financial and Risk Management Objectives and Polices

At Collective Spirit Oldham over 97% of the income is granted. Another 3% of income was taken via donations.

The greatest risk is a reduction in this grant funding due to legislative changes or an unforeseen drop in pupil numbers that would lead to a decrease in funding received. A comprehensive register with actions is in place to monitor such risks.

It should be noted that the school has seen an increase in student's numbers and is predicating to be at full capacity again in the 2016 – 2017 school year based on the school moving through to full capacity at year 11. (5 years from the schools opening date).

The majority of the school's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to the particular purposes i.e. the objects of the Academy Trust.

The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

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Annual Report of the Governors for the year ended 31 August 2016

The financial and risk management objective of the Academy Trust is to ensure effective financial management of the school is delivered within the agreed constraints of the initial EFA grant and within the future financial envelope of the school.

Principal Risks and Uncertainties

Principal risk and action to mitigate these risks include:

Lack of demand for places leading to the School operating at less than 100% capacity. This has been an ongoing risk due to the schools slow increase in student numbers.

- Mitigation: the school runs an effective marketing and community outreach programme to ensure the highest levels of uptake are possible.

Uncertainty around running cost given the School is increasing in size and use.

- Mitigation: the Board and senior leadership teams maintain a rigorous and effective approach to financial procedures to support our overall delivery. The finance sub-committee monitors operational delivery to ensure long term future proofing. In addition contingencies are placed in the school budget to minimise unforeseen costs that may occur. Additionally review of finances are carried out on monthly basis.

Reserves policy

The Board have examined the Trust's requirement for reserves in light of the potential operational risks to the business.

Total funds are £2,368,791 of which, £2,476,421 are fixed asset funds, (89,630) are restricted general funds and (18,000) are defined benefit pension scheme funds.

The board have agreed that a reasonable and attainable level of reserves to aim for would be at the £25,000 level.

The trust intends to return the balance on restricted general funds to a surplus position by closely following budgets and forecasts which show this should be achieved by 2019-20.

In 2015-2016 £209,122 was committed to capital projects at the year-end. These funds are for capital projects linked to the development of block 5. This money will be taken from the remaining EFA allocated capital budget for block 5.

Of the restricted fixed asset fund, £2,430,831 can only be realised by disposing of tangible fixed assets and similarly £20,678 of the restricted general fund can only be realised by disposing of tangible fixed assets.

Investment policy

Any assets, which are available for investment purposes, will be invested in low risk investments only.

Currently due to our funding cycle there is not an ability to invest, nor is it a requirement.

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PLANS FOR THE FUTURE

Future development

The school has undertaken a major revamp of the site to allow the school to develop further.

The school has invested in a secure fence line, block 5 site being re-furbished to allow student lessons to be taught, alarm system install, CCTV install, roof repairs, demolition of science block and window refurbishments.

Throughout the year the school will recruit new pupils to support the 2016 year 7 intake as the school is taking in one student group at a time. The current intake is set at 90 students, which the board feel is achievable.

AUDTIORS

The auditors, Sleight and Story, have indicated their willingness to continue in office and will be proposed for reappointment at the next Directors Meeting.

In so far as the Board are aware:

- There is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by order of the member of the Finance Board sub-committee on 23 December 2016 and signed on its behalf by:-

**A Lovatt
Trustee**

A handwritten signature in black ink, appearing to be 'A Lovatt', written over a rectangular stamp area.

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Governance Statement

Scope of Responsibility

As the Governing Body, we acknowledge we have overall responsibility for ensuring that Collective Spirit Oldham 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 objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day to day responsibility to the Accounting Officer, for ensuring financial controls with the requirement of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Collective Spirit Oldham and the Secretary of State. They are also responsible for reporting to the Board any material weakness or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Board/Governors Report in the statement of the responsibilities. The Board has formally met 3 times during the last year.

Attendance during the year at meeting of the Board was as follows:-

There has been governing body meetings held on the 5th January 2016, 3rd May 2016 and 20th July 2016.

Board member	Possible	Out of Possible
Dr Shamim Miah (Chair)	2	2
Mr Mohib Uddin (New Chair)	1	1
Ben Barsky	2	2
Martyn Potts (resigned)	1	1
Rahena Khatun	3	3
Nimisha Mistry	3	3
Peter Ramsay	3	3
Claire Harewood	3	3
Mark McLoughlin	2	2
Elizabeth Whitehead	1	2

The purpose of the System of Internal Control

The systems of internal controls are designed to manage risks to a reasonable level rather than eliminate all risks 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 risk to the achievement of Collective Spirit Oldham's 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 at Collective Spirit Oldham for the year ended 31 August 2016 and up to date of approval of the annual report and financial statements.

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Governance Statement

Capacity to handle risk

The Governing Body has reviewed the key risks to which Collective Spirit Oldham is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Governing Body is of the view that there is a normal ongoing process to understanding, evaluating, identifying and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of the annual report and financial statement.

Additional capacity and expertise has been added to the Directors board and the Governing Board to support the oversight and the management of the financial controls within the business.

The Risk and Control Framework

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

- Identification and management of risks,
- Delegation of authority and segmentation of duties,
- Setting targets to measure financial and other performance,
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Comprehensive budgeting and monitoring systems that are produced to comply with EFA requests for information and reports that are reviewed by the board to understand progression.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

The Board though has appointed Sleight and Story as an external auditor to independently review the business operations and act as the responsible officer.

As Responsible officer ("RO") Sleight and Story will undertake three reviews per year of the services operations including the full yearly audit review of the school. After each review the RO will report to the schools Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Value for Money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:-

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Governance Statement

Continually reviewing the programme of operation and ensuring contracts are fulfilled correctly.

Quarterly reviews take place around service delivery to ensure the standards are achieved effectively and any areas for improvement are implemented.

The school's main outsourced contract for Collective Spirit Community Trust was established by the use of the OJEU framework to ensure value for money and clarity over services provided.

As per the legal requirements of OJEU legal notice was placed for 3 months and tenders were reviewed and validated by a Procurement Board that made a recommendation to the full board of Directors in regard to each bid and any value added elements that were presented.

All other contracts for utilities or other supplies are reviewed as and when the contract enters its break period. Any agreement of supplies is confirmed with the accounting officer within the boundaries of spend to confirm their appropriateness.

All budgets and spend are presented to the finance committee for review and the full governing body to ensure that the cost model is adhered to.

Review of Effectiveness

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

- The work of the Accounting Officer,
- The work of the external auditor (Responsible Officer),
- The financial management and governance self assessment process;
- The work of the senior manager within Collective Spirit Oldham who have the responsibility for the development and maintenance of the internal control framework.

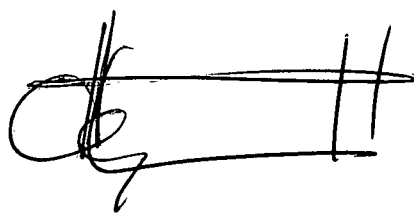
The Acting Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the external auditor and a plan to ensure continuous improvement of the system is in place.

Approved by the order of the Governing Body on 23 December 2016 and signed on its behalf by:-

Peter Ramsay
Acting Accounting Officer



A Lovatt
Trustee



COLLECTIVE SPIRIT OLDHAM

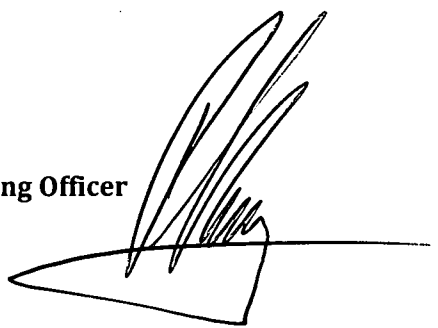
Statement on Regularity, Propriety and Compliance

As accounting officer of Collective Spirit Oldham, I have considered my responsibilities to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirement of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body 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 Trusts Financial Agreement and the Academies Financial Handbook.

I confirm that no instance of material irregularity, impropriety or funding non-compliance have been discovered to date.

Peter Ramsay
Acting Accounting Officer

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom, positioned to the right of the name and title.

COLLECTIVE SPIRIT OLDHAM

Statement of Trustees' Responsibilities

The trustees (who act as governors of Collective Spirit Oldham 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 published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

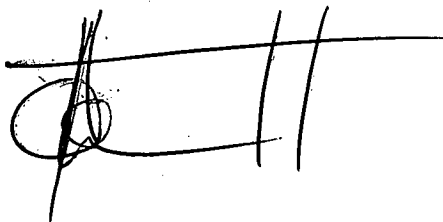
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of trustees on 23 December 2016 and signed on its behalf by:

**A Lovatt
Trustee**

A handwritten signature in black ink, consisting of a stylized 'A' followed by a series of vertical and horizontal strokes, appearing to be a surname.

COLLECTIVE SPIRIT OLDHAM

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Collective Spirit Oldham Academy Trust

We have audited the financial statements of Collective Spirit Oldham for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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

This Report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the Directors of Collective Spirit Oldham for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the EFA's Academies Accounts Direction 2015 to 2016.

COLLECTIVE SPIRIT OLDHAM

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Collective Spirit Oldham Academy Trust

Emphasis of matter

Without qualifying our opinion we draw attention to the going concern policy as noted in the accounting policies. The academy was placed in special measures by Ofsted during the year and remains in this situation. A meeting with the regional schools commission and the trustees of the academy is due to take place on 12 January 2017 to discuss the poor academic performance of the academy. The regional schools commission have a range of measures and options available to them in dealing with this issue, some of which would cast doubt over the appropriateness of the going concern principle. These conditions, as set forth in the going concern policy note indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report (which includes the strategic report and directors' 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Sleight FCCA, Senior Statutory Auditor
For and on behalf of Sleight & Story Ltd, Statutory Auditors
Chartered Certified Accountants
Thornhill Brigg Mills
Thornhill Beck Lane
Brighouse
West Yorkshire
HD6 4AH

23 December 2016

COLLECTIVE SPIRIT OLDHAM

Independent Reporting Auditor's Assurance Report on Regularity to Collective Spirit Oldham and the Education Funding Agency

In accordance with the terms of the engagement letter dated 1 October 2013 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 Collective Spirit Oldham during the period from 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 Collective Spirit Oldham and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Collective Spirit Oldham 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 Collective Spirit Oldham and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Collective Spirit Oldham's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Collective Spirit Oldham's funding agreement with the Secretary of State for Education dated 22nd July 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 dispersed and income received during the period 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

COLLECTIVE SPIRIT OLDHAM

Independent Reporting Auditor's Assurance Report on Regularity to Collective Spirit Oldham and the Education Funding Agency

The work undertaken to draw to our conclusion includes:

- Checking figures to base documents to ensure expenditure was legitimate and in line with the course of business.

Conclusion

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

Peter Sleigh FCA

**Reporting Accountant
Sleigh & Story Ltd
23 December 2016**

COLLECTIVE SPIRIT OLDHAM

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2016

	Notes	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
INCOME AND ENDOWMENTS FROM						
Donations and Capital grants	2	49,112	-	306,572	355,684	947,627
Charitable Activities						
Funding for the academy trust's educational operations	4	-	1,474,445	-	1,474,445	930,644
Investments	3	-	43	-	43	401
Total		49,112	1,474,488	306,572	1,830,172	1,878,672
EXPENDITURE ON						
Charitable activities						
Academy trust educational operations	6	49,112	1,510,587	124,933	1,684,632	1,062,643
Total	5	49,112	1,510,587	124,933	1,684,632	1,062,643
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		-	(36,099)	181,639	145,540	816,029
Transfers between funds		-	-	-	-	-
Other recognised gains/(losses):						
Actuarial (losses) /gains on defined benefit pension schemes		-	(8,000)	-	(8,000)	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		-	(44,099)	181,639	137,540	816,029
Net Movement in funds		-	(44,099)	181,639	137,540	816,029
Reconciliation of funds						
Balances brought forward at 1 September 2015		-	(63,531)	2,294,782	2,231,251	1,415,222
BALANCES CARRIED FORWARD		-	(107,630)	2,476,421	2,368,791	2,231,251

The statement of financial activities includes all gains and losses in the year. All incoming resources derive from continuing activities.

COLLECTIVE SPIRIT OLDHAM

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2015

	Notes	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
INCOME AND ENDOWMENTS FROM				
Donations and Capital grants	2	9,762	937,865	947,627
Charitable Activities				
Funding for the academy trust's educational operations	4	930,644	-	930,644
Investments	3	401	-	401
Total incoming resources		940,807	937,865	1,878,672
EXPENDITURE ON				
Charitable activities				
Academy trust educational operations	6	933,459	129,184	1,062,643
Total resources expended	5	933,459	129,184	1,062,643
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		7,348	808,681	816,029
Transfers between funds		-	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		7,348	808,681	816,029
Net Movement in funds		7,348	808,681	816,029
Reconciliation of funds				
Balances brought forward at 1 September 2014		(70,879)	1,486,101	1,415,222
BALANCES CARRIED FORWARD		(63,531)	2,294,782	2,231,251

The statement of financial activities includes all gains and losses in the year. All incoming resources derive from continuing activities.

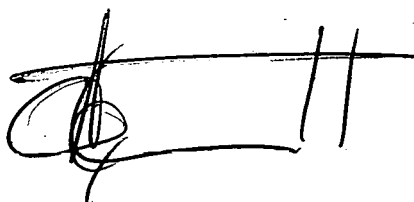
COLLECTIVE SPIRIT OLDHAM

Company Registration Number: 08178309

Balance Sheet as at 31 August 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	9	<u>2,451,159</u>	<u>2,299,754</u>
		2,451,159	2,299,754
CURRENT ASSETS			
Debtors	10	276,322	9,712
Cash at bank and in hand		<u>51,519</u>	<u>56,172</u>
		327,841	65,884
LIABILITIES			
Creditors :Amounts falling due within one year	11	<u>(392,209)</u>	<u>(134,387)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(64,368)</u>	<u>(68,503)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,386,791	2,231,251
NET ASSETS EXCLUDING PENSION LIABILITY		<u>2,386,791</u>	<u>2,231,251</u>
Defined benefit pension scheme liability		(18,000)	-
TOTAL NET ASSETS		<u>2,368,791</u>	<u>2,231,251</u>
FUNDS OF THE ACADEMY TRUST:			
Restricted funds:			
• Fixed asset fund	12	2,476,421	2,294,782
• Restricted income fund	12	(89,630)	(63,531)
• Pension Reserve	12	(18,000)	-
Unrestricted income fund		-	-
TOTAL FUNDS		<u>2,368,791</u>	<u>2,231,251</u>

Authorised and approved by the Board of Governors on 23 December 2016 and signed on behalf of the Board by A Lovatt.



COLLECTIVE SPIRIT OLDHAM

Statement of Cash Flows for the year ended 31 August 2016

	Notes	£	2016 £	£	2015 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14		298,782		961,423
CASH FLOW FROM INVESTING ACTIVITIES					
Interest receivable	15	<u>43</u>		<u>401</u>	
NET CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES			43		401
CASH FLOW FROM FINANCING ACTIVITIES					
Purchase of tangible fixed assets	16	<u>(303,478)</u>		<u>(942,612)</u>	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(303,478)		(942,612)
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2016.	17		<u>(4,653)</u>		<u>19,212</u>

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

1. Statement of 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:

Basis of Preparation

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

Collective Spirit Oldham meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. During the year the academy had an Ofsted inspection. Ofsted judged the school to be inadequate and placed the school into special measures. On 12 January 2017 the trustees are meeting with the regional schools commission to discuss the poor academic performance of the academy. The regional schools commission have a range of measures and options available to them in dealing with this issue, some of which would cast doubt over the appropriateness of the going concern principle. However, the trustees believe there is a strong senior leadership team in place to enforce the necessary changes and improve the academic performance. Therefore, they continue to adopt the going concern policy. 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.

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the 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**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured. Deferrals have been made for donations received relating to activities to be carried out in the 2016-17 academic year.

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

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.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Leasehold land and buildings 2% straight line
Improvements to leasehold 2% straight line
Fixtures, fittings and equipment 25% straight line
Computer equipment 10 - 25% straight line.

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

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

Liabilities

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

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

Leased Assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Pension Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 29, 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

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.

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

2. Donations and Capital Grants

	Unrestricted Funds	Restricted Funds £	Total 2016 £	Total 2015 £
Donations	49,112	-	49,112	9,762
Capital Grants	-	306,572	306,572	937,865
	<u>49,112</u>	<u>306,572</u>	<u>355,684</u>	<u>947,627</u>

3. Investment Income

	Unrestricted Funds	Restricted Funds £	Total 2016 £	Total 2015 £
Bank interest	-	43	43	401
	<u>-</u>	<u>43</u>	<u>43</u>	<u>401</u>

4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	1,371,628	1,371,628	930,644
Other DfE/EFA grants	-	75,440	75,440	-
Other Government grants				
Local authority grants	-	27,377	27,377	-
	<u>-</u>	<u>1,474,445</u>	<u>1,474,445</u>	<u>930,644</u>

5. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
• Direct costs	871,127	-	296,597	1,167,724	595,337
• Allocated support costs	101,207	61,627	354,074	516,908	467,306
Total resources expended	<u>972,334</u>	<u>61,627</u>	<u>650,671</u>	<u>1,684,632</u>	<u>1,062,643</u>

Net income/ (expenditure for the year includes:

	2016 £	2015 £
Operating lease rentals	16,200	16,200
Depreciation	152,073	131,903
Fees payable to audit for:		
- Audit	4,120	4,000
- Other services	4,161	4,500

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

6. Charitable Activities – Academy's Educational Operations

	Total 2016 £	Total 2015 £
Direct costs		
Teaching and recruitment costs	871,127	444,004
Educational services and support	292,537	148,419
Staff development	4,060	2,914
	<u>1,167,724</u>	<u>595,337</u>
Support costs		
Support staff costs	101,207	82,724
Recruitment & support	10,000	10,000
Rent & rates	24,288	27,616
Energy costs	7,110	16,616
Maintenance of premises and equipment	15,214	5,241
Project management	21,200	11,500
Marketing & advertising	30,000	33,000
Office administration costs	2,500	2,500
Catering	30,000	16,500
Cleaning	15,015	12,515
Induction costs	-	18,504
Insurance	-	1,876
Security and transport	81,581	63,498
Depreciation	152,073	131,903
Bank charges	334	-
Other indirect costs	2,135	1,163
Governance costs	24,251	32,150
	<u>516,908</u>	<u>467,306</u>

7. Staff

a. Staff costs

Staff costs during the period were:

	2016 £	2015 £
Wages and salaries	726,865	438,432
Social security costs	65,669	35,584
Operating costs of defined benefit pension schemes	95,040	45,699
	<u>887,574</u>	<u>519,715</u>
Supply staff costs	80,563	7,013
Staff restructuring costs	4,197	-
	<u>972,334</u>	<u>526,728</u>
Staff restructuring costs comprise		
Severance payments	4,197	-
	<u>4,197</u>	<u>-</u>

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

b. Non statutory/non-contractual staff severance payments

No transactions arose concerning non statutory/non-contractual staff severance payments in the year (2015: £nil).

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	21	12
Administration and support	5	3
Management	-	1
	<u>26</u>	<u>16</u>

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No.	2015 No.
£70,001 - £80,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for the staff member amounted to £8,561.33 (2015: £10,116).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £83,909 (2015: £79,390).

8. Related Party Transactions – Governors' Remuneration and Expenses

The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as governors. The value of governor's remuneration and other benefits was as follows:

Elizabeth Whitehead (principal and governor):

Remuneration £75,000 - £80,000 (2015: £65,000 - £70,000)

Employer's pension contributions paid £5,000 - £10,000 (2015: £10,000 - £15,000)

Claire Harewood (staff governor):

Remuneration £25,000 - £30,000 (2015: £20,000 - £25,000)

Employer's pension contributions paid £0 - £5,000 (2015: £0 - £5,000)

No governors received reimbursement of expenses during the year. (2015: £nil).

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

9. Tangible Fixed Assets

	Leasehold land and buildings £	Improvements to leasehold £	Fixtures, fittings & equipment £	Computer Equipment £	Total 2016 £
Cost					
At 1 September 2015	735,000	1,405,688	140,170	218,576	2,499,434
Additions	-	243,901	33,330	26,247	303,478
At 31 August 2016	735,000	1,649,589	173,500	244,823	2,802,912
Depreciation					
At 1 September 2015	20,825	40,821	46,803	91,231	199,680
Charge for the year	14,700	32,792	43,375	61,206	152,073
At 31 August 2016	35,525	73,613	90,178	152,437	351,753
Net Book Value					
At 31 August 2016	699,475	1,575,976	83,322	92,386	2,451,159
At 31 August 2015	714,175	1,364,867	93,367	127,345	2,299,754

The leasehold property is legally owned by the EFA and held by the academy on a long-term finance lease.

10. Debtors

	2016 £	2015 £
VAT recoverable	92,304	9,431
Other debtors	1,793	281
Prepayments and accrued income	182,225	-
	276,322	9,712

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts falling due within one year		
Trade creditors	287,333	43,574
Other taxes and social security costs	33,054	3,716
EFA: PNA claw back	-	64,933
Other creditors	50,869	13,715
Accruals and deferred income	20,953	8,449
	392,209	134,387

	2016 £	2015 £
Deferred Income		
Deferred income at 1 September 2015	-	-
Released from previous years	-	-
Resources deferred in the year	14,584	-
Deferred income at 31 August 2016	14,584	-

At the balance sheet date the academy trust was holding funds received in advance for transportation services to be provided in the 2016-17 academic year.

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

12. Funds

	Balance at 1 Sep 2015	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	(63,531)	1,371,671	(1,397,770)	-	(89,630)
Pupil Premium	-	75,440	(75,440)	-	-
Pension reserve	-	-	(10,000)	(8,000)	(18,000)
Other grants	-	27,377	(27,377)	-	-
	(63,531)	1,474,488	(1,510,587)	(8,000)	(107,630)
Restricted fixed asset funds					
EFA capital grants	2,294,782	181,639	-	-	2,476,421
Total fixed asset funds	2,294,782	181,639	-	-	2,476,421
Total restricted funds	2,231,251	1,656,127	(1,510,587)	(8,000)	2,368,791
Total unrestricted funds	-	49,112	(49,112)	-	-
Total Funds	2,231,251	1,705,239	(1,559,699)	(8,000)	2,368,791

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

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

General annual grant: For all necessary educational provisions and running of the academy.

Pupil premium and other grants: To be used in line with educational provisions and running of the academy.

Restricted fixed asset funds: For the procurement of fixed assets to benefit the academy.

The trust is carrying a net deficit of £107,630 (2015: £63,531) on restricted general funds of which £18,000 is attributable to the pension reserve. The deficit is due to an initial claw back of monies by the EFA amounting to £97,400 which was recognised in the accounts for year ended 31 August 2014. This claw back has now been fully repaid but the trust is still working back towards a position of surplus. The trust has cash flow budgets and forecasts which show a return to surplus in the year 2019-20.

13. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets		20,678	2,430,481	2,451,159
Current assets	14,584	(21,560)	334,817	327,841
Current liabilities	(14,584)	(88,748)	(288,877)	(392,209)
Non-current liabilities				
Pension scheme liabilities	-	(18,000)	-	(18,000)
	-	(107,630)	2,476,421	2,368,791

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

14. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2016 £	2015 £
Net income	137,540	816,029
Depreciation charged	152,073	131,903
Interest receivable	(43)	(401)
Decrease / (increase) in debtors	(266,610)	559,200
(Decrease) / Increase in creditors	275,822	(545,308)
Net cash inflow from operating activities	298,782	961,423

15. Cash Flow From Financing Activities

	2016 £	2015 £
Interest received	43	401
Net cash flow from financing activities	43	401

16. Cash Flow From Investing Activities

	2016 £	2015 £
Purchase of tangible fixed assets	(303,478)	(942,612)
Net cash flow from investing activities	(303,478)	(942,612)

17. Analysis of cash and cash equivalents

	At 1 September 2015 £	Cash Flows £	At 31 August 2016 £
Cash in hand and at bank	56,172	(4,653)	51,519
	56,172	(4,653)	51,519

18. Capital Commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	209,122	-
	209,122	-

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

19. Financial Commitments

Operating Leases

At 31 August 2016 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
Amounts due within one year	16,200	16,200
Amounts due between one and five years	16,200	32,400
	<u>32,400</u>	<u>48,600</u>

Lease payments of £16,200 were recognized as an expense during the year.

20. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by [name]. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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 (currently 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.

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

The employer's pension costs paid to TPS in the period amounted to £85,040 (2015: £40,503).

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

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 pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2016 was £2,128 (2015: £Nil), of which employer's contributions totalled £1,517 (2015: £Nil) and employees' contributions totalled £611 (2015: £Nil). The agreed contribution rates for future years are 16.9% per cent for employers and tiered 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	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.40%	-
Rate of increase for pensions in payment/inflation	2.10%	-
Discount rate for scheme liabilities	2.10%	-
Inflation assumption (CPI)	2.10%	-
Commutation of pensions to lump sums (Pre 2008 service)	55.00%	-
Commutation of pensions to lump sums (Post 2008 service)	80.00%	-

Vita Curves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	21.4	-
Females	24.0	-
Retiring in 20 years		
Males	24.0	-
Females	26.6	-

The academy trust's shares of the assets in the scheme were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015£
Equity instruments	14,400	-
Debt instruments	3,400	-
Property	1,200	-
Cash	1,000	-
Total market value of assets	20,000	-

The actual return on scheme assets was £3,000 (2015: £Nil)

Amount recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employer contributions)	<u>(10,000)</u>	-
Total operating charge	(10,000)	-

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

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

	2016	2015
	£	£
At 1 September	-	-
Upon conversion	14,000	-
Current service cost	12,000	-
Interest cost	1,000	-
Employee contributions	1,000	-
Actuarial (gain)/loss	<u>10,000</u>	-
At 31 August	38,000	-

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

	2016	2015
	£	£
At 1 September	-	-
Upon conversion	14,000	-
Interest income	1,000	-
Return on plan assets (excluding amounts in net interest)	2,000	-
Employer contributions	2,000	-
Employee contributions	<u>1,000</u>	-
At 31 August	20,000	-

21. Related Party Transactions

Owing to the nature of the academy trust's operations 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.

N Mistry, a director of the academy was also director of Collective Spirit Community Trust Ltd for part of the year. Directorship at Collective Spirit Community Trust Ltd ceased on 31 December 2015. During the period whilst N Mistry was a director at both entities the academy outsourced a number of activities to Collective Spirit Community Trust Ltd for which the academy paid consideration of £139,676 (2015: Nil). There was no amount outstanding at the year-end. A breakdown of the services provided along with costs is as follows:

Cleaning	£1,668
Security	£2,500
Caretaking	£3,340
Legal	£1,000
Auditing	£3,332
Payroll	£1,668
Marketing	£8,332
High performing secondary school	£3,332
HR	£1,668
Extended Curriculum	£46,668
Transport	£19,568
ISA Psychological Assessment	£7,068
PE Coaches	£3,332
Clerking Services	£832
Recruitment	£3,332
Catering supplies	£10,000
Website development	£1,668
Office space	£4,000
Director of operations	£7,916
Programme lead – recruitment	£3,924
Pension and NI	£4,528

COLLECTIVE SPIRIT OLDHAM

Notes to the financial statements for the year ended 31 August 2016

During the year the academy paid £nil (2015: 7,013) to Adam Dobson for services provided in relation to music teaching. Adam Dobson is the son of academy director Catherine Dobson (resigned 31 August 2015).

During the prior year activities were outsourced to Collective Community Partnerships CIC for which the academy paid consideration. The amount paid to Collective Community Partnerships CIC in the current year was nil (2015: £268,511). Raja Miah, a director of the academy for part of the prior year, was also a director of Collective Community Partnerships CIC in the prior year. There was no amount outstanding at the year-end.

22. 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 £1 as stated in memorandum and articles of association for the debts and liabilities contracted before he/she ceases to be a member.

23. 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 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.

24. Transition to FRS 102

As stated in note 1, these are the first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 August 2016 and the comparative information presented in these financial statements for the year ended 31 March 2016. In preparing its FRS 102 balance sheet, the academy has made no adjustments to the amounts reported previously in the financial statements prepared in accordance with its old basis of accounting UK GAAP.