

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

**Annual Report and Financial Statements  
For the Year Ended  
31 August 2017**

**Registered Company Number: 08178309 (England & Wales)**



# **CONTENTS**

|  |              |
|--|--------------|
| <b>Reference and administrative Information</b>                      | <b>2-3</b>   |
| <b>Annual Report of the Trustees</b>                                 | <b>4-16</b>  |
| <b>Governance Statement</b>  | <b>17-20</b> |
| <b>Statement on Regularity, Propriety and Compliance</b>             | <b>21</b>    |
| <b>Statement of Trustees' Responsibilities</b>                       | <b>22</b>    |
| <b>Independent Auditors' Report on the Financial Statements</b>      | <b>23-27</b> |
| <b>Independent Auditors' Report on Regularity</b>                    | <b>28-29</b> |
| <b>Statement of Financial Activities</b>                             | <b>30-31</b> |
| <b>Balance Sheet</b>   | <b>32</b>    |
| <b>Cash Flow Statement</b>   | <b>33</b>    |
| <b>Notes forming part of the Financial Statements, incorporating</b> |              |
| <b>Statement of Accounting Policies</b>                              | <b>34-36</b> |
| <b>Other Notes to the Financial Statement</b>                        | <b>37-46</b> |

# **COLLECTIVE SPIRIT OLDHAM**

## **Reference and Administrative Information**

### **Board of Directors**

---

Martin Shevill (Chair) (Appointed 12 May 2017)  
Jayne Louise Clarke (Appointed 12 May 2017)  
Paula Green (Appointed 13 June 2017)  
Sonia Johnson (Appointed 12 May 2017)

Virinder Singh (Resigned 12 May 2017)  
Mr A Morgan (Resigned 12 May 2017)  
Mr M Larcombe (Resigned 11 April 2017)  
Mr A Lovatt (Resigned 18 April 2017)  
Mr M Uddin (Resigned 12 May 2017)

---

### **Members**

Martin Shevill  
Sonia Johnson

### **Senior Management Principal**

A Sheppard

### **School Address**

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

### **Registered Office Address**

Schofield Sweeney  
Springfield House  
76 Wellington Street  
Leeds  
LS1 2AY

### **Company Registration Number**

08178309

# **COLLECTIVE SPIRIT OLDHAM**

## **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

# **COLLECTIVE SPIRIT OLDHAM**

## **Reference and Administrative Information**

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 2016 to 31 August 2017. 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 27<sup>rd</sup> 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.

It should be noted, however, that the Board of Trustees and Governors was replaced in May 2017 after direction from the Regional Schools Commissioner and Department for Education.

### **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

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

### **Principal Activities**

The Collective Spirit Oldham was an independent, taxpayer- funded secondary school set up to provide young people of all abilities high standards of education. The objective of the school was to provide a faith sensitive environment where young people from 11-16 can flourish and achieve the highest standard of attainment whatever their background.

The Trust was responsible for one free school: Collective Spirit in Chadderton, Oldham.

Collective Spirit Free School was opened in September 2013 with 50 Year 7 students. It should be noted from the outset that the school closed in August 2017.

### **Recruitment and Appointment or Election of Directors/Governors**

Under the Articles of Memorandum, the directors of the company are also known as members of the Board of Trustees. A number of the Board of Trustees would act as Governors of the school. Under the requirement of the Memorandum and Articles of Association the members of the Trust were elected to serve for a period of four years after which it was required that they would be re-elected at the next Annual General Meeting.

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

It should be noted that the Board of Trustees and Governors was replaced in May 2017 after direction from the Regional Schools Commissioner and Department for Education. A new Chair was appointed by these bodies and, in partnership with the Local Authority, a new board was established with specific skill sets to review and manage the immediate needs and requirements of the school.

The new board made the decision to close Collective Spirit in June 2017. The school, therefore, closed permanently to staff and students in July 2017.

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

While a comprehensive programme was outlined for the company's trustees, after May 2017 the new trust board was established and induction was provided depending on their existing experience.

All Trustees were provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role.

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

### **Organisational Structure**

The original directors were required to 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.

Following the implementation of the new trust board, meetings were established on a regular basis to manage the immediate needs and issues as they were raised and addressed.

### **Financial Powers and Duties Reserved for the Board of Directors**

#### **General**

Approval of a written scheme of delegation of its financial powers and duties was imperative for the Trust.

The scheme satisfied the Boards of Directors ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the Academy.

The company's policy stated that:

#### **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<sup>7</sup>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**

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

- 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 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 on internal control carried out by Sleight & Story Ltd in previous years.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to Academies.
- 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.

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

### **Powers and Duties Delegated to the Local Governing Board**

#### **General**

The Governing Board had overall responsibility for the administration of the academy's finances. The main responsibilities of the Governing Board were 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 was due to meet a minimum of 3 times per year but more frequent meetings were to 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.

#### **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**

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

- 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 had 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.

### **Payroll and Personnel**

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

### **Security of Assets**

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

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 met 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 were formed to support the 4 Ofsted main areas. Leadership management, Pupil Outcomes, Personnel committee, Behaviour and Welfare and Curriculum. These committees met 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 appointed independent auditors who, in prior years, conducted 3 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.

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

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

### **Connected Organisations, included Related Party Relationships**

Collective Spirit was linked to Manchester Creative Studio School which was its sister school in the previous financial years.

In May 2017, Oasis Academy Oldham, through their Sponsor Oasis Community Learning, was asked to provide the school with immediate leadership to support Collective Spirit to achieve its educational aims and objectives and assistance with operational compliance.

Consilium Academies Trust also provided HR and operational support from May 2017. The Collective Spirit Community Trust was commissioned by the original trustees to provide services.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

#### **Vision**

The school's vision was to create a high achieving 'faith sensitive' small secondary school meeting the needs of 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 aim was to quickly become an exemplar school transforming the academic achievements and life aspirations of children from amongst our most deprived communities.

#### **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.

# COLLECTIVE SPIRIT OLDHAM

## Annual Report of the Trustees for the year ended 31 August 2017

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.

The vision and ethos was underpinned by 10 key principles. These were:

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

**Small School** - Our children knew each other and our teachers knew 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 averaged 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 identified this quickly and respond collectively.

**Faith Sensitive** - A faith sensitive ethos reflected throughout all aspects of our school. Our vision was 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 considered our children and their families to be our greatest assets and all aspects of our school were designed to maximise their potential. We believed that regardless of circumstance and past experience every one of our children, with the right support and guidance, could fulfil their potential.

**Teaching Partnerships** - Our teachers were supported in the delivery of our curriculum by a range of people, including teachers brought in from the highest achieving schools. Our teachers worked in partnership both inside and outside the classroom. Our lessons typically had 4 teaching staff per classroom, working together to ensure that every one of our children received the support they needed to succeed. Our enhanced skills based curriculum was

## **COLLECTIVE SPIRIT OLDHAM**

### **Annual Report of the Trustees for the year ended 31 August 2017**

delivered in partnership with business and industry. Our partnership approach ensured, that from the outset, our school offered the highest teaching standards delivered in partnership with the best.

**Innovative Learning** - Our school day, classroom set up and new teaching methods maximised the learning experience. Our non-traditional school year, longer school day and enhanced curriculum ensured that our children had more time to learn, participating in a full and varied curriculum that placed equal importance on both academic and skill-based learning. All aspects of school life were first and foremost designed to support the best interests of our children.

**Meaningful Qualifications** - Our curriculum priorities were English, Maths and Science. Many of our children came to us with low levels of numeracy and literacy. We considered strengthening these core areas to be a priority. Our children will worked towards the new English Baccalaureate that was underpinned with these core subjects. Additionally, our children participated in a skills based curriculum delivered in partnership with leaders from business and industry. We prepared our children for entry into both employment and further education.

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

**Enhanced Pastoral Care** - Some children, particularly those from the most deprived backgrounds, faced additional life challenges that could have had a negative impact upon their education. Our enhanced pastoral system ensured that our children and families made the most of the educational opportunity on offer.

We intervened early and intensively in order to ensure that our children overcame difficulties and developed resilience towards beliefs, attitudes and experiences that may have harmed their potential to flourish.

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

**Expectations** - By the time a child finished at our school they left with a 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 are able to maximise their potential becoming the best of citizens. We had high expectations of all our children and believed that with the right support every one of them could succeed.

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

### **Ensuring our work delivers our aims**

The school's first inspection by Ofsted took place on the 11<sup>th</sup> May 2016. This inspection ended with the school being placed in special measures and found to be inadequate in all areas.

A monitoring visit took place on the 15<sup>th</sup> November 2016. The inspection team found that:

- Leaders and managers were not taking effective action towards the removal of special measures.
- The trust's statement of action was not fit for purpose
- The school's action plan was not fit for purpose.

### **Public Benefit**

Due to concerns about the education provision at the school, as outlined above, the decision was made to close the school in June 2017. The school ceased operations in August 2017.

### **Strategic Report**

#### **Achievements and Performance**

The school had no students in Year 11 and have thus had no externally validated exam results.

#### **Going concern**

The trustees announced on 29 June 2017 that the academy would be closing at the end of the academic year. There has been no intake of pupils for the 2017/18 academic year and operations are being wound up. As a result the trustees do not deem the going concern basis to be appropriate and therefore the financial statements have been prepared on a non-going concern basis.

#### **Key Financial indicators**

In 2016/2017 the Academy set a balanced budget and finished with a surplus for the year of £192,710 on restricted general funds. Although, it should be noted this surplus includes an additional amount of funding of £254,819 received from the ESFA to assist in the close down of the academy.

The staffing levels that were budgeted for were mapped and maintained.

# **COLLECTIVE SPIRIT OLDHAM**

## **Annual Report of the Trustees for the year ended 31 August 2017**

Our key financial indicators included:-

- 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.

### **FINANCIAL REVIEW**

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

At Collective Spirit Oldham over 96% of the income is granted. Another 4% of income was taken via donations.

It should be noted that due to the school's Ofsted announcement and significant media coverage about alleged problems at the school, the numbers of students at the school fell markedly over the year.

The majority of the school's income was received from the Department for Education via the Education & Skills 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.

Accumulated reserves were in surplus at the year-end amounting to £85,080. The main reason for this surplus is due to an additional grant from the ESFA of £254,819 to assist in the academy close down.

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

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

Principal risk and action to mitigate these risks include:

- The school has now closed as an operation.

### **AUDITORS**

## **COLLECTIVE SPIRIT OLDHAM**

### **Annual Report of the Trustees for the year ended 31 August 2017**

The auditors, Sleigh 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 2 March 2018 and signed on its behalf by:-



**M Shevill**  
**Chair of the Board**

# **COLLECTIVE SPIRIT OLDHAM**

## **Governance Statement**

### **Scope of Responsibility**

As the Trustees, 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 Board of Trustees was removed in May 2017, and replaced with new group in the same month. This was due to the significant educational issues the school was facing. A new accounting officer was also appointed.

The Accounting Officer had delegated responsibility 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 were also responsible for reporting to the Board any material weakness or breakdown in internal control.

It was deemed that, due to falling numbers, the school was no longer viable and closed as an operation in August 2017.

### **Governance**

The new board met regularly as circumstances need between May and August, and continues to meet as the organisation is wound down as a going concern.

### **The purpose of the System of Internal Control**

The system of internal controls was designed to manage risk to a reasonable level rather than 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 was based on an on-going process designed to identify and prioritise the risks 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 2017 and up to date of approval of the annual report and financial statements.

# **COLLECTIVE SPIRIT OLDHAM**

## **Governance Statement**

### **Capacity to handle risk**

The board of trustees 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 board of trustees is of the view that there is a normal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

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 process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

- 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 ESFA requests for information and reports that are reviewed by the board to understand progression.

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

The previous Board requested Sleight and Story to carry out a supplementary programme of work on internal controls and systems in previous years but the old board did not request this work be carried out for the 2016/17 year.

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

### **Review of Value for Money**

The accounting officer 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

## **COLLECTIVE SPIRIT OLDHAM**

### **Governance Statement**

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:-

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, Mrs Sonia Johnson, had responsibility for reviewing the effectiveness of the system of internal control since May 2017.

During the year in question the review has been informed by:

- The work of the Accounting Officer,
- The work of the external auditor,
- 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 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.

## **COLLECTIVE SPIRIT OLDHAM**

### **Governance Statement**

Approved by the order of the Governing Body on 2 March 2018 and signed on its behalf by:-



Sonia Johnson  
**Accounting Officer**



Martin Shevill  
**Chair of the Board**

## **COLLECTIVE SPIRIT OLDHAM**

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

As Accounting Officer for 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.

A handwritten signature in black ink, appearing to read 'Sonia Johnson', with a large, stylized flourish at the end.

**Sonia Johnson**  
**Accounting Officer**

# COLLECTIVE SPIRIT OLDHAM

## Statement of Trustees' Responsibilities

As stated, the Trustees at the end of the financial year had been brought in to immediately address the school's stability before looking at the longer term viability of Collective Spirit.

In doing so, we acknowledge and accept responsibility 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 2 March 2018 and signed on its behalf

M Shevill (Chair)



# **COLLECTIVE SPIRIT OLDHAM**

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

### **Qualified Opinion**

We have audited the financial statements of Collective Spirit Oldham ('the charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities (including income & expenditure account), the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

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

### **Basis for Qualified Opinion**

The charitable company has three bank accounts. For two of these bank accounts we have been unable to obtain bank statements and have also been unable to obtain a certificate from the bank, confirming the bank balance at the year-end. The bank balances recorded in the financial statements at the year-end for these accounts were £1,006 and £217. As we have not been able to confirm the bank balance at the year-end we are unable to determine whether any adjustments to these bank balances are necessary.

The board of trustees was newly appointed on 12 May 2017. The letter of representation we have received from the trustees only gives representations from this date onwards. We have been unable to obtain a letter of representation from trustees for the period from 1 September 2016 to 11 May 2017 and therefore, the following representations were not obtained for that period:

- That all accounting records have been made available to us for the purpose of our audit and that all the transactions undertaken by the academy have been properly reflected and recorded in the accounting records. That all other records and related information,

## **COLLECTIVE SPIRIT OLDHAM**

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

including minutes of all management, governors' and members' meetings, have been made available to us;

- That significant assumptions used by the board in making accounting estimates, including those measured at fair value, are reasonable;
- Confirmation that all related party relationships and transactions have been accounted for and disclosed in accordance with UK GAAP;
- That the board are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the academy conducts its activities and which are central to the academy's ability to conduct its activities;
- That the board acknowledge their responsibility for the design and implementation of internal controls to prevent and detect fraud and confirmation that they have disclosed to us the results of their own risk assessment that the financial statements may be misstated as a result of fraud;
- Confirmation that there have been no actual or suspected instances of fraud involving governors, management or employees who have a significant role in internal control or that could have a material effect on the financial statements. Confirmation that the board are not aware of any allegations of fraud by former governors, employees, regulators or others;
- That all grants, donations and other income, including those subject to special terms or conditions or received for restricted purposes, have been notified to us. Confirmation that there have been no breaches of terms or conditions during the period regarding the application of such income;
- That the board are not aware of any matters of material significance that should be reported to the regulators and that all correspondence with the Department for Education and other regulators has been made available to us;
- That the board acknowledge their legal responsibilities regarding disclosure of information to us as auditors and confirm that:
  - so far as each trustee is aware, there is no relevant audit information of which we as auditors are unaware: and
  - each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that we are aware of that information.

We have been unable to view all purchase invoices issued to the academy by the related party Collective Spirit Community Trust Ltd during the year. As a result we have been unable to obtain

## **COLLECTIVE SPIRIT OLDHAM**

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

sufficient and appropriate audit evidence to conclude that the related party disclosure is fairly stated.

An amount of £51,105 was due to be repaid by the charitable company to the ESFA. However, this amount has been written off to donations during the year. We have been unable to obtain sufficient and appropriate audit evidence to conclude correct treatment of this item.

Unrestricted fund donations received in the year amounted to £33,512. This income was received via ParentPay. However, we have been unable to gain access to ParentPay and therefore, we have been unable to obtain sufficient and appropriate audit evidence with regards to this income.

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

#### **Emphasis of Matter**

We draw attention to the going concern policy as noted in the accounting policies. The board took the decision in the year to close the academy at the end of the 2016/17 academic year. Therefore, the accounts have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

#### **Other Information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

## **COLLECTIVE SPIRIT OLDHAM**

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

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

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

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

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

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.

Details of information and explanations necessary for the purposes of the audit not received by us are detailed in the 'basis for qualified opinion' paragraph.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page 22, the Trustees (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, and for such internal control as the trustees determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Our Responsibilities for the Audit of the Financial Statements**

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

## **COLLECTIVE SPIRIT OLDHAM**

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

expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of Independent Auditors.

*Peter Sleight*

**Peter Philip John 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**

21/3/18

# **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 and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Collective Spirit Oldham during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Collective Spirit Oldham and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Collective Spirit Oldham and the ESFA, 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 22<sup>nd</sup> July 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

## **COLLECTIVE SPIRIT OLDHAM**

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

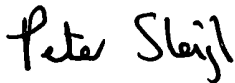
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant**  
**For & on behalf of Sleight & Story Ltd**  
2/3/18

# COLLECTIVE SPIRIT OLDHAM

## Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2017

|  | Notes | Unrestricted<br>General<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|--|-------|---------------------------------------|-------------------------------------|---|--------------------|--------------------|
| <b>INCOME AND ENDOWMENTS FROM</b>                            |       |                                       |                                     |   |                    |                    |
| Donations and Capital grants                                 | 2     | 33,512                                | 69,105                              | 239,113                                 | 341,730            | 355,684            |
| <b>Charitable Activities</b>                                 |       |                                       |                                     |   |                    |                    |
| Funding for the academy trust's educational operations       | 4     | -                                     | 2,176,203                           | -                                       | 2,176,203          | 1,474,445          |
| Investments  | 3     | -                                     | 72                                  | -                                       | 72                 | 43                 |
| <b>Total</b>   |       | <b>33,512</b>                         | <b>2,245,380</b>                    | <b>239,113</b>                          | <b>2,518,005</b>   | <b>1,830,172</b>   |
| <b>EXPENDITURE ON</b>  |       |                                       |                                     |   |                    |                    |
| <b>Charitable activities</b>                                 |       |                                       |                                     |   |                    |                    |
| Academy trust educational operations                         | 6     | 33,512                                | 2,034,740                           | 2,733,464                               | 4,801,716          | 1,684,632          |
| <b>Total</b>   | 5     | <b>33,512</b>                         | <b>2,034,740</b>                    | <b>2,733,464</b>                        | <b>4,801,716</b>   | <b>1,684,632</b>   |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>           |       |                                       |                                     |   |                    |                    |
|  |       | -                                     | 210,640                             | (2,494,351)                             | (2,283,711)        | 145,540            |
| Transfers between funds                                      |       | -                                     | (17,930)                            | 17,930                                  | -                  | -                  |
| <b>Other recognised gains/(losses):</b>                      |       |                                       |                                     |   |                    |                    |
| Actuarial (losses) /gains on defined benefit pension schemes |       | -                                     | -                                   | -                                       | -                  | (8,000)            |
| <b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>               |       | <b>-</b>                              | <b>192,710</b>                      | <b>(2,476,421)</b>                      | <b>(2,283,711)</b> | <b>137,540</b>     |
| <b>Net Movement in funds</b>                                 |       | <b>-</b>                              | <b>192,710</b>                      | <b>(2,476,421)</b>                      | <b>(2,283,711)</b> | <b>137,540</b>     |
| <b>Reconciliation of funds</b>                               |       |                                       |                                     |   |                    |                    |
| Balances brought forward at 1 September 2016                 |       | -                                     | (107,630)                           | 2,476,421                               | 2,368,791          | 2,231,251          |
| <b>BALANCES CARRIED FORWARD</b>                              |       | <b>-</b>                              | <b>85,080</b>                       | <b>-</b>                                | <b>85,080</b>      | <b>2,368,791</b>   |

The statement of financial activities includes all gains and losses in the year. All incoming resources derive from discontinued operations. The loss on the restricted fixed asset fund is attributable to the impairment of assets constituting discontinued operations.

# COLLECTIVE SPIRIT OLDHAM

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

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

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

# COLLECTIVE SPIRIT OLDHAM

Company Registration Number: 08178309

## Balance Sheet as at 31 August 2017

|  | Notes | 2017<br>£        | 2016<br>£        |
|--|-------|------------------|------------------|
| <b>FIXED ASSETS</b>                            |       |                  |                  |
| Tangible assets                                | 9     | -                | 2,451,159        |
|  |       |                  | <u>2,451,159</u> |
| <b>CURRENT ASSETS</b>                          |       |                  |                  |
| Debtors  | 10    | 411,675          | 276,322          |
| Cash at bank and in hand                       |       | <u>28,380</u>    | <u>51,519</u>    |
|  |       | 440,055          | 327,841          |
| <b>LIABILITIES</b>                             |       |                  |                  |
| Creditors :Amounts falling due within one year | 11    | <u>(354,975)</u> | <u>(392,209)</u> |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>        |       | <u>85,080</u>    | <u>(64,368)</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>   |       | <u>85,080</u>    | <u>2,386,791</u> |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>  |       | <u>85,080</u>    | <u>2,386,791</u> |
| Defined benefit pension scheme liability       |       | -                | (18,000)         |
| <b>TOTAL NET ASSETS</b>                        |       | <u>85,080</u>    | <u>2,368,791</u> |
| <b>FUNDS OF THE ACADEMY TRUST:</b>             |       |                  |                  |
| <b>Restricted funds:</b>                       |       |                  |                  |
| • Fixed asset fund                             | 12    | -                | 2,476,421        |
| • Restricted income fund                       | 12    | 85,080           | (89,630)         |
| • Pension Reserve                              | 12    | -                | (18,000)         |
| <b>Unrestricted income fund</b>                |       |                  | -                |
| <b>TOTAL FUNDS</b>                             |       | <u>85,080</u>    | <u>2,368,791</u> |

Authorised and approved by the Board of Trustees on 2 March 2018 and signed on behalf of the Board by M Shevill.



## COLLECTIVE SPIRIT OLDHAM

### Statement of Cash Flows for the year ended 31 August 2017

|  | Notes | 2017<br>£              | 2016<br>£             |
|--|-------|------------------------|-----------------------|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>             | 14    | <b>259,093</b>         | <b>298,782</b>        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                   |       |                        |                       |
| Interest receivable  | 15    | <u>72</u>              | <u>43</u>             |
| <b>NET CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES</b> |       | <b>72</b>              | <b>43</b>             |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |       |                        |                       |
| Purchase of tangible fixed assets                            | 16    | <u>(282,304)</u>       | <u>(303,478)</u>      |
| <b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>            |       | <b>(282,304)</b>       | <b>(303,478)</b>      |
| <b>CASH AND CASH EQUIVALENTS AT 31 AUGUST 2017.</b>          | 17    | <u><b>(23,139)</b></u> | <u><b>(4,653)</b></u> |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

### 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 2016 to 2017 issued by EFA and the Companies Act 2006.

#### Going Concern

The trustees announced on 29 June 2017 that the academy would be closing at the end of the academic year. There has been no intake of pupils for the 2017/18 academic year and operations are being wound up. As a result the trustees do not deem the going concern basis to be appropriate and therefore the financial statements have been prepared on a non going concern basis.

#### 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. During the year there was a write off on debts owed to the ESFA, which will not be repaid. This write off amount of £51,105 is recognised in donations. Further to this, the Local Government Pension Scheme liability is to be met by the Department for Education and therefore, the balance of £18,000 has been written off to donations.

#### 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

## **COLLECTIVE SPIRIT OLDHAM**

### **Notes to the financial statements for the year ended 31 August 2017**

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.

As the academy is no longer a going concern the assets will revert back to the ESFA. Therefore, the asset values have been impaired to nil and the restricted fixed asset fund in the Statement of Financial Activities has been reduced to nil.

#### **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.

#### **Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term. As a result of the academy closure early cancellation has been arranged on leased assets and amounts due on such assets have been fully provided for in the financial statements.

# **COLLECTIVE SPIRIT OLDHAM**

## **Notes to the financial statements for the year ended 31 August 2017**

### **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 20, 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 & Skills 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 2017

### 2. Donations and Capital Grants

|                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|----------------|----------------------------|--------------------------|--------------------|--------------------|
| Donations      | 33,512                     | 69,105                   | 102,617            | 49,112             |
| Capital Grants | -                          | 239,113                  | 239,113            | 306,572            |
|                | <b>33,512</b>              | <b>308,218</b>           | <b>341,730</b>     | <b>355,684</b>     |

### 3. Investment Income

|               | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---------------|----------------------------|--------------------------|--------------------|--------------------|
| Bank interest | -                          | 72                       | 72                 | 43                 |
|               | <b>-</b>                   | <b>72</b>                | <b>72</b>          | <b>43</b>          |

### 4. Funding for the Academy Trust's Educational Operations

|                            | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|----------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA revenue grants   |                            |                          |                    |                    |
| General Annual Grant (GAG) | -                          | 1,824,156                | 1,824,156          | 1,371,628          |
| Other DfE/EFA grants       | -                          | 308,147                  | 308,147            | 75,440             |
| Other Government grants    |                            |                          |                    |                    |
| Local authority grants     | -                          | 43,900                   | 43,900             | 27,377             |
|                            | <b>-</b>                   | <b>2,176,203</b>         | <b>2,176,203</b>   | <b>1,474,445</b>   |

### 5. Expenditure

|                                  | Staff<br>Costs<br>£ | Non Pay<br>Premises<br>£ | Expenditure<br>Other<br>costs<br>£ | Total<br>2017<br>£ | Total<br>2016<br>£ |
|----------------------------------|---------------------|--------------------------|------------------------------------|--------------------|--------------------|
| Academy's educational operations |                     |                          |                                    |                    |                    |
| • Direct costs                   | 1,267,891           | -                        | 264,195                            | 1,532,086          | 1,167,724          |
| • Allocated support costs        | 156,799             | 152,619                  | 2,960,212                          | 3,269,630          | 516,908            |
| Total resources expended         | <b>1,424,690</b>    | <b>152,619</b>           | <b>3,224,407</b>                   | <b>4,801,716</b>   | <b>1,684,632</b>   |

### Net income/ (expenditure for the year includes:

|                              | 2017<br>£ | 2016<br>£ |
|------------------------------|-----------|-----------|
| Operating lease rentals      | 31,333    | 16,200    |
| Depreciation                 | 164,711   | 152,073   |
| Impairment of fixed assets   | 2,568,753 | -         |
| Fees payable to auditor for: |           |           |
| - Audit                      | 4,120     | 4,120     |
| - Other services             | 5,009     | 4,161     |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

### 6. Charitable Activities – Academy's Educational Operations

|                                       | Total<br>2017<br>£ | Total<br>2016<br>£ |
|---------------------------------------|--------------------|--------------------|
| <b>Direct costs</b>                   |                    |                    |
| Teaching and recruitment costs        | 1,258,889          | 871,127            |
| Educational services and support      | 264,195            | 292,537            |
| Staff development                     | 9,002              | 4,060              |
|                                       | <b>1,532,086</b>   | <b>1,167,724</b>   |
| <b>Support costs</b>                  |                    |                    |
| Support staff costs                   | 150,133            | 101,207            |
| Recruitment & support                 | 6,666              | 10,000             |
| Rent & rates                          | 28,302             | 24,288             |
| Energy costs                          | 68,775             | 7,110              |
| Maintenance of premises and equipment | 16,081             | 15,214             |
| Project management                    | 20,266             | 21,200             |
| Marketing & advertising               | 16,666             | 30,000             |
| Office administration costs           | 7,481              | 2,500              |
| Catering                              | 66,385             | 30,000             |
| Cleaning                              | 39,461             | 15,015             |
| Security and transport                | 81,183             | 81,581             |
| Depreciation                          | 164,711            | 152,073            |
| Bank charges                          | 1,040              | 334                |
| Other indirect costs                  | 3,854              | 2,135              |
| Governance costs                      | 29,873             | 24,251             |
| Impairment of fixed assets            | 2,568,753          | -                  |
|                                       | <b>3,269,630</b>   | <b>516,908</b>     |

### 7. Staff

#### a. Staff costs

Staff costs during the period were:

|  | 2017<br>£        | 2016<br>£      |
|--|------------------|----------------|
| Wages and salaries                                 | 777,034          | 726,865        |
| Social security costs                              | 75,144           | 65,669         |
| Operating costs of defined benefit pension schemes | 40,019           | 95,040         |
|  | <b>892,197</b>   | <b>887,574</b> |
| Supply staff costs                                 | 477,535          | 80,563         |
| Staff restructuring costs                          | 39,290           | 4,197          |
|  | <b>1,409,022</b> | <b>972,334</b> |
| <b>Staff restructuring costs comprise</b>          |                  |                |
| Redundancy payments                                | 27,290           | -              |
| Severance payments                                 | 12,000           | 4,197          |
|  | <b>39,290</b>    | <b>4,197</b>   |

## COLLECTIVE SPIRIT OLDHAM

### Notes to the financial statements for the year ended 31 August 2017

#### b. Non statutory/non-contractual staff severance payments

No transactions arose concerning non statutory/non-contractual staff severance payments in the year (2016: £nil).

#### c. Staff numbers

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

|                            | 2017<br>No. | 2016<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 20          | 21          |
| Administration and support | 7           | 5           |
|                            | <u>27</u>   | <u>26</u>   |

#### d. Higher paid staff

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

|                   | 2017<br>No. | 2016<br>No. |
|-------------------|-------------|-------------|
| £70,001 - £80,000 | -           | 1           |

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 employer's pension contributions for the staff member amounted to £nil (2016: £8,561).

During the year there were no employees who received employee benefits (excluding employer pension costs) of more than £60,000.

#### 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 £51,123 (2016: £79,712).

### 8. Related Party Transactions – Trustees' Remuneration and Expenses

No trustees received remuneration or other benefits from the academy during the year (2016: £nil).

No trustees received reimbursement of expenses during the year (2016: £nil).

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

### 9. Tangible Fixed Assets

|                                      | Leasehold<br>land and<br>buildings<br>£ | Improvements<br>to leasehold<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Computer<br>Equipment<br>£ | Total<br>2017<br>£      |
|--------------------------------------|---|-----------------------------------|---|----------------------------|-------------------------|
| <b>Cost</b>                          |   |                                   |   |                            |                         |
| At 1 September 2016                  | 735,000                                 | 1,649,589                         | 173,500                                   | 244,823                    | <b>2,802,912</b>        |
| Additions                            | -                                       | 242,639                           | -   | 39,665                     | <b>282,304</b>          |
| At 31 August 2017                    | <u>735,000</u>                          | <u>1,892,228</u>                  | <u>173,500</u>                            | <u>284,488</u>             | <u><b>3,085,216</b></u> |
| <b>Depreciation &amp; impairment</b> |   |                                   |   |                            |                         |
| At 1 September 2016                  | 35,525                                  | 73,613                            | 90,178                                    | 152,437                    | <b>351,753</b>          |
| Depreciation charge for the year     | 14,700                                  | 37,845                            | 43,375                                    | 68,791                     | <b>164,711</b>          |
| Impairment charge for the year       | 684,775                                 | 1,780,770                         | 39,947                                    | 63,260                     | <b>2,568,752</b>        |
| At 31 August 2017                    | <u>735,000</u>                          | <u>1,892,228</u>                  | <u>173,500</u>                            | <u>284,488</u>             | <u><b>3,085,216</b></u> |
| <b>Net Book Value</b>                |   |                                   |   |                            |                         |
| At 31 August 2017                    | -                                       | -                                 | -   | -                          | -                       |
| At 31 August 2016                    | <u>699,475</u>                          | <u>1,575,976</u>                  | <u>83,322</u>                             | <u>92,386</u>              | <u><b>2,451,159</b></u> |

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

Total impairment losses for the year of £2,568,752 are included within support costs (note 6) in the line headed 'impairment of fixed assets'. This total is broken down between fixed asset classes as in the note above.

### 10. Debtors

|                                | 2017<br>£             | 2016<br>£      |
|--------------------------------|-----------------------|----------------|
| VAT recoverable                | <b>135,383</b>        | 92,304         |
| Other debtors                  | <b>2,176</b>          | 1,793          |
| Prepayments and accrued income | <b>274,116</b>        | 182,225        |
|                                | <u><b>411,675</b></u> | <u>276,322</u> |

### 11. Creditors: Amounts falling due within one year

|  | 2017<br>£             | 2016<br>£      |
|--|-----------------------|----------------|
| <b>Amounts falling due within one year</b> |                       |                |
| Trade creditors                            | <b>158,000</b>        | 287,333        |
| Other taxes and social security costs      | <b>5,298</b>          | 33,054         |
| Other creditors                            | -                     | 50,869         |
| Accruals and deferred income               | <b>191,677</b>        | 20,953         |
|  | <u><b>354,975</b></u> | <u>392,209</u> |
| <b>Deferred Income</b>                     |                       |                |
|  | 2017<br>£             | 2016<br>£      |
| Deferred income at 1 September 2016        | <b>14,584</b>         | -              |
| Released from previous years               | <b>14,584</b>         | -              |
| Resources deferred in the year             | -                     | 14,584         |
| Deferred income at 31 August 2017          | <u>-</u>              | <u>14,584</u>  |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

### 12. Funds

|                                     | Balance at<br>1 September<br>2016<br>£ | Income<br>£      | Expenditure<br>£   | Gains, losses<br>and transfers<br>£ | Balance at<br>31 August<br>2017<br>£ |
|-------------------------------------|--|------------------|--------------------|-------------------------------------|--------------------------------------|
| <b>Restricted general funds</b>     |  |                  |                    |                                     |                                      |
| General Annual Grant (GAG)          | (89,630)                               | 1,824,228        | (1,631,588)        | (17,930)                            | 85,080                               |
| Pupil Premium                       | -                                      | 53,328           | (53,328)           | -                                   | -                                    |
| Pension reserve                     | (18,000)                               | 18,000           | -                  | -                                   | -                                    |
| Other grants                        | -                                      | 298,719          | (298,719)          | -                                   | -                                    |
| Donations                           | -                                      | 51,105           | (51,105)           | -                                   | -                                    |
|                                     | <b>(107,630)</b>                       | <b>2,245,380</b> | <b>(2,034,740)</b> | <b>(17,930)</b>                     | <b>85,080</b>                        |
| <b>Restricted fixed asset funds</b> |  |                  |                    |                                     |                                      |
| EFA capital grants                  | 2,476,421                              | 239,113          | (2,733,464)        | 17,930                              | -                                    |
| <b>Total fixed asset funds</b>      | <b>2,476,421</b>                       | <b>239,113</b>   | <b>(2,733,464)</b> | <b>17,930</b>                       | <b>-</b>                             |
| <b>Total restricted funds</b>       | <b>2,368,791</b>                       | <b>2,484,493</b> | <b>(4,768,204)</b> | <b>-</b>                            | <b>85,080</b>                        |
| <b>Total unrestricted funds</b>     | <b>-</b>                               | <b>33,512</b>    | <b>(33,512)</b>    | <b>-</b>                            | <b>-</b>                             |
| <b>Total Funds</b>                  | <b>2,368,791</b>                       | <b>2,518,005</b> | <b>(4,801,716)</b> | <b>-</b>                            | <b>85,080</b>                        |

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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

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.

### 13. Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

|                            | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Fixed<br>Asset<br>Funds<br>£ | Total<br>Funds<br>£ |
|----------------------------|----------------------------|-------------------------------------|--|---------------------|
| Tangible fixed assets      | -                          | -                                   | -  | -                   |
| Current assets             | -                          | 440,055                             | -  | 440,055             |
| Current liabilities        | -                          | (354,975)                           | -  | (354,975)           |
| Non-current liabilities    | -                          | -                                   | -  | -                   |
| Pension scheme liabilities | -                          | -                                   | -  | -                   |
|                            | <b>-</b>                   | <b>85,080</b>                       | <b>-</b>                                   | <b>85,080</b>       |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

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

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| Net income                                       | (2,283,711)    | 137,540        |
| Depreciation charged                             | 164,711        | 152,073        |
| Impairment charged                               | 2,568,753      | -              |
| Interest receivable                              | (72)           | (43)           |
| Decrease / (increase) in debtors                 | (135,354)      | (266,610)      |
| (Decrease) / Increase in creditors               | (55,234)       | 275,822        |
| <b>Net cash inflow from operating activities</b> | <b>259,093</b> | <b>298,782</b> |

### 15. Cash Flow From Financing Activities

|  | 2017<br>£ | 2016<br>£ |
|--|-----------|-----------|
| Interest received                              | 72        | 43        |
| <b>Net cash flow from financing activities</b> | <b>72</b> | <b>43</b> |

### 16. Cash Flow From Investing Activities

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| Purchase of tangible fixed assets              | (282,304)        | (303,478)        |
| <b>Net cash flow from investing activities</b> | <b>(282,304)</b> | <b>(303,478)</b> |

### 17. Analysis of cash and cash equivalents

|                          | At 1<br>September<br>2016<br>£ | Cash<br>Flows<br>£ | At 31<br>August<br>2017<br>£ |
|--------------------------|--------------------------------|--------------------|------------------------------|
| Cash in hand and at bank | 51,519                         | (23,139)           | 28,380                       |
|                          | <b>51,519</b>                  | <b>(23,139)</b>    | <b>28,380</b>                |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

### 18. Capital Commitments

|  | 2017 | 2016    |
|--|------|---------|
|  | £    | £       |
| Contracted for, but not provided in the financial statements | -    | 209,122 |
|  | -    | 209,122 |

### 19. Financial Commitments

#### Operating Leases

At 31 August 2017 the academy trust had annual commitments under non-cancellable operating leases as follows:

|  | 2017 | 2016   |
|--|------|--------|
|  | £    | £      |
| Amounts due within one year            | -    | 16,200 |
| Amounts due between one and five years | -    | 16,200 |
|  | -    | 32,400 |

Lease payments of £31,333 (2016: £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 Greater Manchester Pension Fund. 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 2016. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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%))

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

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

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

The employer's pension costs paid to TPS in the period amounted to £57,259 (2016: £85,040).

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 2017 was £3,670 (2016: £2,128), of which employer's contributions totalled £2,650 (2016: £1,517) and employees' contributions totalled £1,019 (2016: £611). 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. As the academy is no longer a going concern and as a result of this guarantee, the Local Government Pension Scheme liability has been derecognised at 31 August 2017.

| Principal actuarial assumptions                          | At 31 August 2017 | At 31 August 2016 |
|--|-------------------|-------------------|
| 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) | -                 | 88.00%            |

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

|                      | At 31 August 2017 | At 31 August 2016 |
|----------------------|-------------------|-------------------|
| Retiring today       |                   |                   |
| Males                | -                 | 21.4              |
| Females              | -                 | 24.0              |
| Retiring in 20 years |                   |                   |
| Males                | -                 | 24.0              |
| Females              | -                 | 26.6              |

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

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

|                              | Fair value at 31 August 2017 | Fair value at 31 August 2016 |
|------------------------------|------------------------------|------------------------------|
|                              | £                            | £                            |
| 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 nil (2016: £3,000).

Amount recognised in the statement of financial activities

|  | 2017 | 2016     |
|--|------|----------|
|  | £    | £        |
| Current service cost (net of employer contributions) | -    | (10,000) |
| Total operating charge                               | -    | (10,000) |

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

|                               | 2017     | 2016          |
|-------------------------------|----------|---------------|
|                               | £        | £             |
| At 1 September                | 38,000   | -             |
| Transferred out on close down | (38,000) | -             |
| 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:

|   | 2017     | 2016         |
|---|----------|--------------|
|   | £        | £            |
| At 1 September  | 20,000   | -            |
| Transferred out on close down                             | (20,000) | -            |
| 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.

A Morgan, a trustee of the academy during the year, was also a 50% shareholder of Collective Spirit Community Trust Ltd. During the year the academy outsourced a number of activities to Collective Spirit Community Trust Ltd for which the academy paid consideration of £339,261 (2016: £419,028). There was no amount outstanding at the year-end. A breakdown of the services provided along with costs is as follows:

# COLLECTIVE SPIRIT OLDHAM

## Notes to the financial statements for the year ended 31 August 2017

|                         |          |
|-------------------------|----------|
| Cleaning                | £9,082   |
| Security                | £5,000   |
| Caretaking              | £13,353  |
| Legal                   | £2,000   |
| Payroll                 | £2,833   |
| Marketing               | £16,666  |
| Educational Consultancy | £28,167  |
| Kitchen management      | £3,334   |
| HR                      | £3,334   |
| Extended Curriculum     | £120,000 |
| Transport               | £39,134  |
| PE Coaches              | £10,000  |
| Clerking Services       | £1,666   |
| Recruitment             | £6,666   |
| Catering supplies       | £57,760  |
| Educational boosters    | £20,266  |

In the prior period the related party disclosure was not a complete disclosure. Transactions with Collective Spirit Community Trust Ltd were disclosed up to 31 December 2015, the date at which the company ceased to have directors in common with the academy. However, A Morgan was a 50% shareholder in Collective Spirit Community Trust Ltd and therefore transactions throughout the course of the whole year with Collective Spirit Community Trust Ltd were necessary of disclosure. The value of transactions with Collective Spirit Community Trust Ltd disclosed in the prior year was £139,676. The total value of transactions necessary of disclosure was £419,028, as noted above.

During the year the academy engaged Consilium Academies Trust to supply a piece of work on HR support and safeguarding. The expenditure incurred in line with this work amounted to £4,000 (2016: £nil). M Shevill, the chair of the new board, is also the CEO of Consilium Academies Trust. No amount was outstanding at the year-end.

During the year the Department for Education appointed Oasis Academy Oldham to provide school to school support to the academy. As a result of this, the Education and Skills Funding Agency provided further funding to the academy of £154,500 (2016: £nil), which was to be paid to Oasis Academy Oldham in respect of the work provided in line with the school to school support arrangement. This amount was paid to Oasis Academy Oldham and no amount was 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. Contingent Liability

The academy has treated a number of teachers as having opted out of the Teachers' Pension scheme. However, it is believed the correct opt out procedures may not have been followed. The academy is investigating the situation to establish whether any teachers being treated as having opted out should actually have remained in the Teachers' Pension scheme. Dependent upon the outcome of the investigation the academy could be liable for up to £78,360 (2016: £nil) in unpaid employer contributions. Further to this the academy may become liable for the unpaid teachers' contributions which could be as much as £41,187 (2016: £nil).