

**REGISTRAR'S COPY**

Registration number 08407989

# Catalyst Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 18 February 2013 to 31 August 2013



MWS  
Chartered Accountants and Registered Auditors  
Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

# **Catalyst Academies Trust**

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## **Catalyst Academies Trust**

### **Reference and Administrative Details**

**Governors and Trustees (Directors)** L Tyler, Chair (appointed 18 February 2013)  
M Wright, Executive Director (appointed 18 February 2013)  
D Walters (appointed 18 February 2013)  
K Williams (appointed 18 February 2013)  
T Drakes (appointed 18 February 2013)

**Principal and Registered Office** Dilkes Academy  
Garron Lane  
South Ockendon  
Essex  
RM15 5JQ

**Company Registration Number** Company Registration Number  
08407989

**Auditors** MWS  
Chartered Accountants and Registered Auditors  
Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

**Bankers** HSBC Bank PLC  
99 High Street  
Chelmsford  
CM1 1EQ

## **Catalyst Academies Trust**

### **Governors' Report for the period from 18 February 2013 to 31 August 2013**

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2013

#### **Discussion on conversion to academy trust**

On 18 February 2013 Catalyst Academies Trust was granted Academy Trust status under the Academies Act 2010 Quarry Hill Primary School & Benyon Primary School joined the Trust on 1 July 2013 and 1 April 2013 respectively All the operations assets and liabilities were transferred to Catalyst Academies Trust from the Thurrock Council Local Authority for £Nil consideration

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

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust The company was incorporated on 18 February 2013 The company registration number is 08407989

The governors act as the trustees for the charitable activities of Catalyst Academies Trust and are also the directors of the charitable company for the purposes of company law

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

##### ***Members' liability***

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

##### ***Governors' indemnities***

The Academy through its Articles has indemnified its Governors to the fullest extent permissible by law During the period the Academy also purchased and maintained liability insurance for its Governors

##### ***Principal activities***

The principal activity of the Academy Trust is to advance, for the public benefit, education in Essex and surrounding areas by maintaining, managing and developing a broad and balanced curriculum

## **Catalyst Academies Trust**

### **Governors' Report for the period from 18 February 2013 to 31 August 2013**

#### ***Method of recruitment and appointment or election of Governors***

The overseeing Board of 4 Directors and 1 Executive Director were appointed by the Academy sponsor Dilkes Academy in accordance with the Articles of Association. Future appointments will be made at the discretion of the existing members.

The Local Governing Bodies Governor recruitment is through a combination of approaches, one being the co-option of those with necessary skills, from parents of children at the school to those with an interest in the school community. Nominations for Governors will be requested by a specific date. These nominations must include the reasons why the nominee wishes to become a Governor and the attributes they can bring to the Governing Body. These nominations will be considered by the Board of the Academy Trust who will decide the successful candidate.

If a Parent Governor vacancy becomes available then information is circulated to all school parent/carers. Prospective Governors can then be nominated and seconded. If more than one applicant applies, voting papers are sent out. Staff Governor elections will follow a similar procedure.

The Chair and Vice-Chair are elected to the position annually.

#### ***Policies and procedures adopted for the induction and training of Governors***

The Trust provides all new Governors with a comprehensive induction package covering a comprehensive range of issues and topics. This is to ensure they gain a better understanding of the role and responsibilities of being a Trust Governor so they can fulfil their role with confidence.

The Governing Body is committed to providing training for Governors specific to their roles and the requirements of the Academy Trust. The Academy Trust also purchases training from appropriate bodies.

## **Catalyst Academies Trust**

### **Governors' Report for the period from 18 February 2013 to 31 August 2013**

#### ***Organisational structure***

Catalyst Academies Trust has effectively recruited new staff to ensure that there was the capacity to coordinate the support plans that the sponsored academies require. This extra capacity has meant that the Trust has been able to offer this assistance from the very outset.

The appointment of an Executive Director has meant that there is clear strategic direction for the headteachers of the two sponsored academies. They set targets and directly line-manage both schools to achieve the high expectations that Catalyst expects.

The facilities that were developed have created an effective base of operations for the Catalyst team. This in turn has helped in increasing capacity as the resourcing, space and staffing can be focused on academy sponsorship more effectively.

Catalyst has been able to create two additional posts not only to effectively assist with the conversion of the sponsored schools but also to ensure continued support in future.

The Operations Director is able to give clear guidance on a wide variety of school systems, governance and compliance issues as well as bursary support. This appointment has proved essential in the conversion process.

The second appointment, Communications Manager, has been pivotal in the branding of Catalyst and the two sponsored academies, co-ordinating web design and school communications. They have been auditing the effectiveness of school systems and action planning what can be done to improve things further. This has also meant that there are clear channels for both academies and Catalyst to communicate.

Catalyst staff have worked to maintain the strength of the brand effectively, through good communications, strengthening the ties between the three schools and clearly demonstrating Catalyst's commitment to high standards and to the wider community.

The team have successfully co-ordinated shared learning events between the three academies and these have proven very successful and impacted positively on all stakeholders. Future events are being established to promote and build on the success so far and to strengthen the learning community within Catalyst.

#### ***Risk management***

The Catalyst Academies Trust undertakes a comprehensive assessment of possible risks to the future of the Trust (Risk Register). The chief risks identified include issues relating to academic performance, child welfare and finances. The Academy has developed policies and procedures to mitigate these risks. Where significant financial risk still remains, the Academy has ensured adequate insurance cover. There are effective systems of internal financial control (explained in more detail in the Governance Statement).

The Risk Register is regularly reviewed by the Board of the Academy Trust.

## **Catalyst Academies Trust**

### **Governors' Report for the period from 18 February 2013 to 31 August 2013**

#### **Objectives and activities**

##### ***Objects and aims***

Catalyst Academies Trust is an organisation that was established to effectively coordinate and deliver support programmes for sponsored academies. All staff feel that it is their moral duty to support other schools in providing high quality, teaching and learning experiences and effectively uses Dilkes Academy, a school which is rated as outstanding by Ofsted and designated as a Teaching School, to deliver its programmes.

##### ***Public benefit***

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

##### ***Achievements and performance***

There has already been a marked impact on the first sponsored academy, which opened in April 2013, where the proportion of teaching has now moved from satisfactory to good and standards across the school have been steadily rising and outcomes are closing the gap between national expectations for attainment. This impact can be directly attributed to support that the school has received from Catalyst Academies Trust.

The second academy which opened in July 2013 have already been receiving a support package to improve the quality of teaching and have been involved in three joint professional learning days with the other academies. The head is very positive about the impact that Catalyst is having on their staff. Attainment is on an upward trend and clear targets have been set in order to maintain this. In year progress is above national expectations for all but 1 year group, which was in line, and progress through is good for years.

##### ***Going concern***

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

##### ***Financial review***

The Catalyst Academies Trust started operating on 18 February 2013. The majority of the Trust's income is derived from the Education Funding Agency (EFA), (formerly the Young People's Learning Agency). The income is in the form of recurrent grants, of which the use is restricted to particular purposes. These grants and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust also receives grants for capital expenditure from the EFA and local authority, all these grants are shown as restricted income.

Funding has continued to support our key objective of raising teaching and learning standards, with a particular focus on the development of literacy skills through the provision of extra teaching and support staff.

##### ***Principal risks and uncertainties***

The Academy Trust has a comprehensive Risk Register which is reviewed regularly. Falling pupil numbers would impact on funding streams for the Trust, making a deficit budget a possibility and affecting long-term viability. Consequently pupil forecasts are monitored carefully and appropriate responsive action is taken.

## **Catalyst Academies Trust**

### **Governors' Report for the period from 18 February 2013 to 31 August 2013**

#### ***Reserves policy***

The Board of the Academy Trust regularly monitors the reserves to ensure that sufficient funds are maintained to meet

anticipated future needs whilst avoiding long term accumulation of excessive sums

At 31st August 2013, the Academy had free reserves of £8,593,323

The Board of the Academy Trust maintains a prudent level of reserves in line with their policy to spend funding received on

the pupils in the Trust at that time, except where a specific project required funding to be built up over several years

#### ***Plans for future periods***

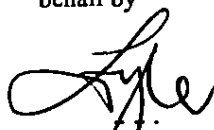
- Continue to implement the Peer teaching Enhancement programme to share good practice across the schools and improve quality of teaching in both schools
- To improve the quality teaching through the development of pupil engagement, cognitive challenge, Assessment for Learning, pupil feedback, independence and ownership (four ladders) during informal and formal lesson observations
- To assist in matching continuing professional development to individual staff need through 1 to 1 coaching, mentoring, training and support.
- Continue to develop the cross-school year group interim assessment data to be analysed and moderated each half term during Catalyst Professional Learning Days then used to plan appropriate provision and intervention
- Support the development of JPD sessions in all catalyst schools, forming action research groups who will research effective high impact strategies
- Review the leadership capability each half term, identify targets and plan appropriate support
- Develop Governors' capability in both schools when conducting audit visits each term that impact on the quality of provision
- Provide the support; resources and training that both schools need to obtain a good judgement in their next Ofsted inspection

#### **Auditor**

In so far as the Board of the Academy Trust are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Approved by order of the members of the Board of the Academy Trust on 5 December 2013 and signed on its behalf by



L. Tyler  
Governor and trustee



**Catalyst Academies Trust**

**Governors' Report for the period from 18 February 2013 to 31 August 2013**

A handwritten signature in black ink, appearing to read 'D Walters', with a long horizontal stroke extending to the right.

D Walters  
Governor and trustee

## **Catalyst Academies Trust**

### **Governance Statement**

#### **Scope of responsibility**

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

The Board of the Academy Trust has delegated the day-to-day responsibility to L Tyler, Chair, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Catalyst Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of the Academy Trust any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Academy Trust has formally met 3 times during the period. Attendance during the period at meetings of the Board of the Academy Trust was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
L Tyler	3	3
M Wright	3	3
D Walters	3	3
K Williams	2	3
T Drakes	3	3

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Catalyst Academies Trust for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board of the Academy Trust has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of the Academy Trust is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of the Academy Trust.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of the Academy Trust;

## Catalyst Academies Trust

### Governance Statement

- regular reviews by the Board of the Academy Trust of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties;
- identification and management of risks

The Board of the Academy Trust has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Essex ICE Service as Responsible Officer ('RO'), for each Academy with the Academy Trust. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Board of the Academy Trust on the operation of the systems of control and on the discharge of the Board of the Academy Trust's financial responsibilities.

There were no material control or other issues reported by the RO to date.

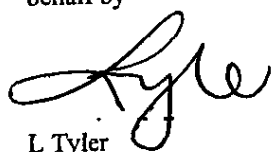
#### Review of effectiveness

As Accounting Officer, L Tyler, Chair has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of the Academy Trust on 5 December 2013 and signed on its behalf by



L Tyler  
Governor and trustee



D Walters  
Governor and trustee

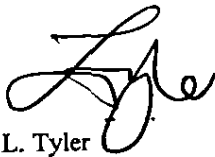
## **Catalyst Academies Trust**

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

As accounting officer of Catalyst Academies Trust I have considered my responsibility 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 requirements 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 trust's funding agreement and the Academies Financial Handbook.

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



L. Tyler  
Accounting Officer

## Catalyst Academies Trust

### Statement of Governors' Responsibilities

The governors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to

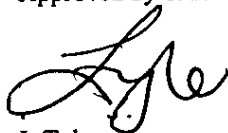
- select suitable accounting policies and apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed 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 governors 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors 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 on 5 December 2013 and signed on its behalf by



L Tyler  
Governor and trustee



D Walters  
Governor and trustee

## **Catalyst Academies Trust**

### **Independent Auditors' Report to the members of Catalyst Academies Trust**

We have audited the financial statements of Catalyst Academies Trust for the period from 18 February 2013 to 31 August 2013, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Governors' Responsibilities (set out on page 11), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements

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

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

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

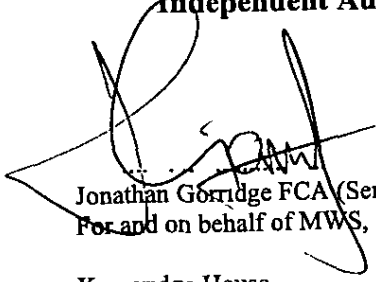
#### **Matters on which we are required to report by exception**

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

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

**Catalyst Academies Trust**

**Independent Auditors' Report to the members of Catalyst Academies Trust**

A handwritten signature in black ink, appearing to read 'Jonathan Gorridge', is written over a large, stylized 'X' mark.

Jonathan Gorridge FCA (Senior Statutory Auditor)  
For and on behalf of MWS, Statutory Auditor

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

5 December 2013

## **Catalyst Academies Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Catalyst Academies Trust and the Education Funding Agency**

*In accordance with the terms of our engagement letter dated 23 May 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2012/13, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Catalyst Academies Trust during the period 18 February 2013 to 31 August 2013 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 the governing body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the governing body and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the governing body's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the governing body's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook as published by DfES in 2006, 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 2012/13. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 18 February 2013 to 31 August 2013 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 Academies Accounts Direction 2012/13 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

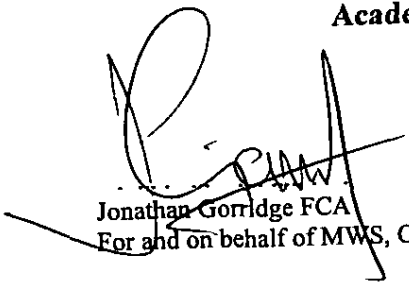
#### **Conclusion**

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 from 18 February 2013 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Catalyst Academies Trust**

**Independent Reporting Accountant's Assurance Report on Regularity to Catalyst  
Academies Trust and the Education Funding Agency**



Jonathan Gorridge FCA  
For and on behalf of MWS, Chartered Accountants

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

5 December 2013

# Catalyst Academies Trust

## Statement of Financial Activities for the Period from 18 February 2013 to 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income					
Transfer on conversion	2	335,861	(809,000)	9,316,014	8,842,875
Other voluntary income	2	6,008	-	-	6,008
Activities for generating funds	3	18,273	-	-	18,273
Investment income	4	1	-	-	1
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	5	-	848,528	6,464	854,992
Total incoming resources		<u>360,143</u>	<u>39,528</u>	<u>9,322,478</u>	<u>9,722,149</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Cost of generating funds		468	-	-	468
<i>Charitable activities</i>					
Academy's educational operations	7	23,500	829,878	152,480	1,005,858
Governance costs	8	-	5,500	-	5,500
Total resources expended	6	<u>23,968</u>	<u>835,378</u>	<u>152,480</u>	<u>1,011,826</u>
Net incoming/(outgoing) resources before transfers		336,175	(795,850)	9,169,998	8,710,323
Gross transfers between funds	15	-	(20,016)	20,016	-
Net income/(expenditure) for the period		336,175	(815,866)	9,190,014	8,710,323
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	23	-	(117,000)	-	(117,000)
Net movement in funds/(deficit)		<u>336,175</u>	<u>(932,866)</u>	<u>9,190,014</u>	<u>8,593,323</u>
<b>Reconciliation of funds</b>					

# **Catalyst Academies Trust**

## **Statement of Financial Activities for the Period from 18 February 2013 to 31 August 2013** **(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

<b>Note</b>	<b>Unrestricted Funds £</b>	<b>Restricted General Funds £</b>	<b>Restricted Fixed Asset Funds £</b>	<b>Total 2013 £</b>
Funds/(deficit) carried forward at 31 August 2013	<u>336,175</u>	<u>(932,866)</u>	<u>9,190,014</u>	<u>8,593,323</u>

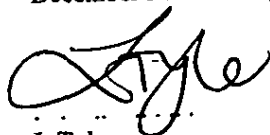
All of the Academy's activities derive from acquisitions in the current financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

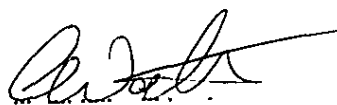
**Catalyst Academies Trust**  
**(Registration number: 08407989)**  
**Balance Sheet as at 31 August 2013**

	Note	31 August 2013 £
<b>Fixed assets</b>		
Tangible assets	12	9,183,551
<b>Current assets</b>		
Debtors	13	297,429
Cash at bank and in hand		<u>220,913</u>
		518,342
Creditors Amounts falling due within one year	14	<u>(178,569)</u>
		339,773
Net current assets		<u>9,523,324</u>
Total assets less current liabilities		9,523,324
Net assets excluding pension liability		
Pension scheme liability	23	<u>(930,000)</u>
Net assets including pension liability		<u><u>8,593,323</u></u>
<b>Funds of the Academy:</b>		
<b>Restricted funds</b>		
Restricted general fund	15	(2,866)
Restricted fixed asset fund	15	9,190,014
Restricted pension fund	15	<u>(930,000)</u>
		8,257,148
<b>Unrestricted funds</b>		
Unrestricted general fund	15	<u>336,175</u>
Total funds		<u><u>8,593,323</u></u>

The financial statements on pages 16 to 39 were approved by the governors, and authorised for issue on 5 December 2013 and signed on their behalf by



L. Tyler  
Governor and trustee



D Walters  
Governor and trustee

# **Catalyst Academies Trust**

## **Cash Flow Statement for the Period from 18 February 2013 to 31 August 2013**

	Note	31 August 2013 £
Net cash inflow from operating activities	18	9,556,943
Returns on investments and servicing of finance	19	1
Capital expenditure and financial investment	20	<u>(9,336,031)</u>
Increase in cash in the period	21	<u><u>220,913</u></u>

### **Reconciliation of net cash flow to movement in net funds**

Increase in cash in the period	220,913
Net funds at 18 February 2013	<u>-</u>
Net funds at 31 August 2013	<u><u>220,913</u></u>

All of the cash flows are derived from acquisitions in the current financial period

## **Catalyst Academies Trust**

### **Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013**

#### **1 Accounting policies**

##### **Basis of preparation**

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

##### **Conversion to an academy trust**

The assets and liabilities transferred on conversion from Local Authorities to the Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Catalyst Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

##### **Going concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements and are satisfied that the use of going concern is appropriate.

##### **Incoming resources**

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

##### **Grants receivable**

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

##### **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

##### **Donations**

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

##### **Other income**

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

## **Catalyst Academies Trust**

### **Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013**

#### **1 Accounting policies (continued)**

##### ***Donated services and gifts in kind***

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

##### **Resources expended**

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

All resources expended are inclusive of irrecoverable VAT.

##### ***Cost of generating funds***

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

##### ***Charitable activities***

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

##### ***Governance costs***

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

##### **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 over its expected useful lives, per the table below.

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.

Leasehold buildings are valued at depreciated replacement cost.

## Catalyst Academies Trust

### Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

#### 1 Accounting policies (continued)

Asset class	Amortisation method and rate
Furniture and equipment	Straight line over 4 years
Computer equipment	Straight line over 3 years
Leasehold buildings	Straight line over 50 years

#### Leased assets

Operating leases are recognised on a straight line basis over the life of the lease

#### 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.

#### 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.



# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 1 Accounting policies (continued)

#### Fund accounting

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

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

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

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
Transfer on conversion	335,861	(809,000)	9,316,014	8,842,875
<b>Other voluntary income</b>				
Educational trips and visits	4,182	-	-	4,182
Other donations	1,826	-	-	1,826
	<u>6,008</u>	<u>-</u>	<u>-</u>	<u>6,008</u>
<b>Total voluntary income</b>	<u>341,869</u>	<u>(809,000)</u>	<u>9,316,014</u>	<u>8,848,883</u>

### 3 Activities for generating funds

	Unrestricted funds £	Total 2013 £
Hire of facilities	6,197	6,197
Catering income	8,930	8,930
Other income	3,146	3,146
	<u>18,273</u>	<u>18,273</u>

### 4 Investment income

	Unrestricted funds £	Total 2013 £
Bank interest	<u>1</u>	<u>1</u>

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 5 Funding for Academy's educational operations

	School	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
<b>DFE/EFA capital grants</b>				
Capital grants	Benyon Primary School	-	6,464	6,464
<b>DFE/EFA revenue grants</b>				
General Annual Grant (GAG)	Benyon Primary School	417,204	-	417,204
Other DFE/EFA grants	Benyon Primary School	58,638	-	58,638
General Annual Grant (GAG)	Quarry Hill Academy	357,516	-	357,516
		833,358	-	833,358
<b>Other government grants</b>				
Local Authority grants	Benyon Primary School	4,277	-	4,277
<b>Non-government grants and other income</b>				
Start up grant from sponsor school	Benyon Primary School	10,893	-	10,893
Total grants		848,528	6,464	854,992

## Catalyst Academies Trust

### Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

#### 6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2013 £
Costs of activities for generating funds	-	-	468	468
<b>Academy's educational operations</b>				
Direct costs	562,392	-	57,117	619,509
Allocated support costs	109,800	226,402	50,147	386,349
Governance costs including allocated support costs	-	-	5,500	5,500
	<u>672,192</u>	<u>226,402</u>	<u>113,232</u>	<u>1,011,826</u>

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 6 Resources expended (continued)

Net incoming/outgoing resources for the period include:

	31 August 2013 £
Operating leases	2,564
Fees payable to auditor - audit	<u>5,500</u>

### 7 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	562,392	-	562,392
Educational supplies	8,621	28,935	-	37,556
Staff development	-	1,863	-	1,863
Educational consultancy	-	17,698	-	17,698
	<u>8,621</u>	<u>610,888</u>	<u>-</u>	<u>619,509</u>
<b>Allocated support costs</b>				
Support staff costs	-	114,800	-	114,800
FRS 17 service cost adjustment	-	(5,000)	-	(5,000)
Depreciation	-	-	152,480	152,480
Maintenance of premises and equipment	475	42,829	-	43,304
Cleaning	-	6,055	-	6,055
Rent, rates and utilities	-	5,624	-	5,624
Insurance	-	18,939	-	18,939
Recruitment and support	-	617	-	617
Security and transport	-	184	-	184
Catering	12,754	-	-	12,754
Bank interest and charges	-	175	-	175
Expected return on scheme assets	-	(6,000)	-	(6,000)
Interest on defined benefit pension scheme	-	15,000	-	15,000
Professional fees	-	22,249	-	22,249
Other support costs	1,650	3,518	-	5,168
	<u>14,879</u>	<u>218,990</u>	<u>152,480</u>	<u>386,349</u>
	<u>23,500</u>	<u>829,878</u>	<u>152,480</u>	<u>1,005,858</u>

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 8 Governance costs

	<b>Restricted funds £</b>	<b>Total 2013 £</b>
<b>Auditors' remuneration</b>		
Audit of financial statements	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

### 9 Staff costs

	<b>2013 £</b>
<b>Staff costs during the period were:</b>	
Wages and salaries	549,075
Social security costs	34,984
Pension costs	61,485
Supply teacher costs	26,648
	<u>672,192</u>

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows

	<b>31 August 2013 No</b>
<b>Charitable Activities</b>	
Teachers	35
Administration and support	54
Management	2
	<u>91</u>

### 10 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy in respect of their role as governors.

Related party transactions involving the trustees are set out in note 24.

## Catalyst Academies Trust

### Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

#### 11 Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 is included in the total insurance cost.

#### 12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
Additions	-	14,471	5,546	20,017
Inherited assets	<u>7,622,122</u>	<u>1,524,425</u>	<u>169,467</u>	<u>9,316,014</u>
At 31 August 2013	<u>7,622,122</u>	<u>1,538,896</u>	<u>175,013</u>	<u>9,336,031</u>
<b>Depreciation</b>				
Charge for the year	<u>39,624</u>	<u>99,061</u>	<u>13,795</u>	<u>152,480</u>
At 31 August 2013	<u>39,624</u>	<u>99,061</u>	<u>13,795</u>	<u>152,480</u>
<b>Net book value</b>				
At 31 August 2013	<u>7,582,498</u>	<u>1,439,835</u>	<u>161,218</u>	<u>9,183,551</u>

#### 13 Debtors

	31 August 2013 £
Trade debtors	270,013
Accrued grant and other income	10,403
VAT recoverable	<u>17,013</u>
	<u>297,429</u>

## **Catalyst Academies Trust**

### **Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013**

#### **14 Creditors: amounts falling due within one year**

	<b>31 August 2013 £</b>
Trade creditors	22,424
Other taxation and social security	43,096
Pension scheme creditor	30,765
Accruals	58,611
Deferred income	<u>23,673</u>
	<u><b>178,569</b></u>

	<b>31 August 2013 £</b>
Resources deferred in the period	<u><b>23,673</b></u>

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 15 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
<b>Restricted general funds</b>				
General annual grant (GAG)	774,720	(878,570)	100,984	(2,866)
Other DfE/EFA grants	58,638	(58,638)	-	-
Local Authority grants	4,277	(4,277)	-	-
Other grants	10,893	(10,893)	-	-
	<u>848,528</u>	<u>(952,378)</u>	<u>100,984</u>	<u>(2,866)</u>
<b>Restricted fixed asset funds</b>				
Capital grants	6,464	-	-	6,464
Fixed assets purchased since conversion	-	(214)	20,016	19,802
Inherited assets	9,316,014	(152,266)	-	9,163,748
	<u>9,322,478</u>	<u>(152,480)</u>	<u>20,016</u>	<u>9,190,014</u>
<b>Restricted pension funds</b>				
Benyon Primary School pension reserve	(315,000)	-	(47,000)	(362,000)
Quarry Hill Academy pension reserve	(494,000)	-	(74,000)	(568,000)
	<u>(809,000)</u>	<u>-</u>	<u>(121,000)</u>	<u>(930,000)</u>
Total restricted funds	9,362,006	(1,104,858)	-	8,257,148
Unrestricted funds	360,142	(23,967)	-	336,175
Total funds	<u>9,722,148</u>	<u>(1,128,825)</u>	<u>-</u>	<u>8,593,323</u>

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

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 2013



# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	9,183,550	9,183,550
Current assets	336,175	175,702	6,464	518,341
Current liabilities	-	(178,569)	-	(178,569)
Pension scheme liability	-	(930,000)	-	(930,000)
Total net assets	<u>336,175</u>	<u>(932,867)</u>	<u>9,190,014</u>	<u>8,593,322</u>

### 17 Financial commitments

#### *Operating leases*

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows

#### Operating leases which expire:

	31 August 2013 £
Other	
Within two to five years	<u>6,154</u>

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2013 £
Net income	8,710,323
Depreciation	152,480
Interest receivable	(1)
FRS 17 expected return on scheme assets	(6,000)
FRS 17 interest on defined benefit pension scheme	15,000
FRS17 service cost adjustment	(5,000)
Increase in debtors	(297,429)
Increase in creditors	178,569
LGPS deficit inherited on conversion	809,000
Rounding	1
Net cash inflow from operating activities	<u>9,556,943</u>

### 19 Returns on investments and servicing of finance

	31 August 2013 £
Interest received	<u>1</u>
Net cash inflow from returns on investments and servicing of finance	<u>1</u>

### 20 Capital expenditure and financial investment

	31 August 2013 £
Purchase of tangible fixed assets	<u>(20,017)</u>

### 21 Analysis of changes in net funds

	Cash flows £	At 31 August 2013 £
Cash at bank and in hand	<u>220,913</u>	<u>220,913</u>

## **Catalyst Academies Trust**

### **Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013**

#### **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 £10 for the debts and liabilities contracted before he/she ceases to be a member

#### **23 Pension and similar obligations**

The Academy'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 Essex County Council Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period Contributions amounting to £30,765 were payable to the schemes at 31 August 2013 and are included within creditors

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

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce real rate of return

The Government Agency ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of the teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

## Catalyst Academies Trust

### Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

#### 23 Pension and similar obligations (continued)

The latest valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate ranged between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £34,000, of which employer's contributions totalled £26,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 12.3% per cent for employers and 5.5%-7.5% per cent for employees.

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 23 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	At 31 August 2013 %
Rate of increase in salaries	5.00
Rate of increase for pensions in payment/inflation	3.00
Discount rate for scheme liabilities	5.00
Inflation assumptions (CPI)	3.00
RPI increases	4.00
Commutation of pensions to lump sums	<u>50.00</u>

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below

	+ 0.1% £	0.0% £	- 0.1% £
Adjustment to discount rate			
Present value of total obligation	1,208,000	1,246,000	1,285,000
Projected service cost	<u>93,000</u>	<u>97,000</u>	<u>101,000</u>

	+ 1 Year £	None £	- 1 Year £
Adjustment to mortality age rating assumption			
Present value of total obligation	1,203,000	1,246,000	1,290,000
Projected service cost	<u>93,000</u>	<u>97,000</u>	<u>101,000</u>

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

	At 31 August 2013
Retiring today	
Males retiring today	23.00
Females retiring today	25.00
Retiring in 20 years	
Males retiring in 20 years	24.00
Females retiring in 20 years	<u>27.00</u>

The academy's share of the assets and liabilities in the scheme were

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 23 Pension and similar obligations (continued)

	At 31 August 2013 £
Equities	206,000
Gilts	25,000
Other bonds	28,000
Property	35,000
Cash	9,000
Other	13,000
Total market value of assets	316,000
Present value of scheme liabilities - funded	(1,246,000)
Deficit in the scheme	<u>(930,000)</u>

The expected rates of return were

	At 31 August 2013 %
Equities	7.00
Gilts	4.00
Other bonds	4.00
Property	6.00
Cash	1.00
Other	<u>4.00</u>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £17,000

# Catalyst Academies Trust

## Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

### 23 Pension and similar obligations (continued)

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

	31 August 2013 £
Current service cost	21,000
Total operating charge	<u>21,000</u>
Analysis of pension finance income/(costs)	

	31 August 2013 £
Expected return on pension scheme assets	6,000
Interest on pension liabilities	<u>(15,000)</u>
Pension finance costs	<u>(9,000)</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and (losses) recognised in the statement of financial activities since the adoption of FRS 17 is (£117,000).

#### Movements in the present value of defined benefit obligation

	31 August 2013 £
At 18 February	1,075,000
Current service cost	21,000
Interest cost	15,000
Employee contributions	8,000
Actuarial losses	<u>127,000</u>
At 31 August	<u>1,246,000</u>

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

	31 August 2013 £
At 18 February	266,000
Expected return on assets	6,000
Actuarial gains	10,000
Employer contributions	26,000
Employee contributions	<u>8,000</u>
At 31 August	<u>316,000</u>

The estimated value of employer contributions for next period is £104,000.

## **Catalyst Academies Trust**

### **Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013**

#### **23 Pension and similar obligations (continued)**

##### **History of experience adjustments**

Amounts for the current period are as follows

	<b>31 August 2013 £</b>
Present value of scheme liabilities	(1,246,000)
Fair value of scheme assets	<u>316,000</u>
Deficit in the scheme	<u>(930,000)</u>

Comparative figures have not been restated as permitted by FRS 17

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.

#### **24 Related party transactions**

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the period.



## Catalyst Academies Trust

### Notes to the Financial Statements for the Period from 18 February 2013 to 31 August 2013

#### 25 Conversion to an academy trust

On 18 February 2013 Catalyst Academy Trust was granted academy trust status under the Academies Act 2010. Quarry Hill Primary School & Benyon Primary School joined the Trust on 1 July 2013 and 1 April 2013 respectively. All the operations assets and liabilities were transferred to Catalyst Academies Trust from the Thurrock Council Local Authority for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Tangible fixed assets				
Freehold/leasehold land and buildings	-	-	7,622,122	7,622,122
Other tangible fixed assets	-	-	1,693,892	1,693,892
Budget surplus on LA funds	320,611	-	-	320,611
Budget surplus on other school funds	15,250	-	-	15,250
LGPS pension deficit	-	(809,000)	-	(809,000)
Net assets/(liabilities)	<u>335,861</u>	<u>(809,000)</u>	<u>9,316,014</u>	<u>8,842,875</u>

The above net assets include £335,861 that were transferred as cash.