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CATALYST ACADEMIES TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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CATALYST ACADEMIES TRUST
(A company limited by guarantee)

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CATALYST ACADEMIES TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Mr K Williams Mr D Walters (Resigned 16 June 2014) Mrs L Tyler, Chair
Trustees	Mr T Drakes Mrs M Wright, Executive Director
Company registered number	08407989
Principal and registered office	Dilkes Academy Garron Lane South Ockendon Essex RM15 5JQ
Independent auditors	MWS Chartered Accountants Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
Bankers	HSBC Bank PLC 99 High Street Chelmsford Essex CM1 1EQ

CATALYST ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Catalyst Academies Trust (the academy) for the year ended 31 August 2014. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

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

a. 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.

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.

b. MEMBERS' LIABILITY

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The overseeing Board of 3 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

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.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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.

e. ORGANISATIONAL STRUCTURE

Catalyst Academies Trust has effectively recruited new staff to ensure that there is the capacity to coordinate the support plans that the sponsored academies require. This extra capacity has meant that the Trust has been able to continue offer this assistance that academies need on an ongoing basis.

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.

The two additional Catalyst posts not only allow the trust to effectively assist with the conversion of the sponsored schools but also to ensure continued support for existing schools:

The Operations Director has not only proved essential in the conversion process but has also proved invaluable in giving clear guidance on a wide variety of school systems, governance and compliance issues as well as bursary support.

The continued value that is added by the 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. The First academy has already made good progress with outcomes for pupils improving rapidly and the second academy has started to make accelerated progress. Future events are being established to promote and build on the success so far and to strengthen the learning community within Catalyst.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Catalyst Academies Trust is connected to its sponsor Academy Dilkes Academy. Transactions between Catalyst Academies Trust and Dilkes Academy are disclosed in note 29 to the Financial Statements.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

g. 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.

h. TRUSTEES' 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.

Objectives and Activities

a. 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.

b. 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.

Strategic report

Achievements and performance

a. GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 Accounting Policies.

b. REVIEW OF ACTIVITIES

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

for all but 1 year group, which was in line, and progress through is good for years.

Financial review

a. OVERVIEW

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.

b. 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.

c. 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 2014, the Academy had free reserves of £179,084.

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

a. FUTURE DEVELOPMENTS

- 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

quality of provision.

- Provide the support, resources and training that both schools need to obtain a good judgement in their next Ofsted inspection.

DISCLOSURE OF INFORMATION TO AUDITORS

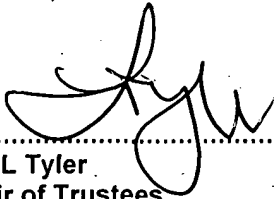
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, MWS, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 4 December 2014 and signed on the board's behalf by:



.....
Mrs L Tyler
Chair of Trustees

CATALYST ACADEMIES TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, 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 trustees has delegated the day-to-day responsibility to the Executive Director, 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 trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Mr K Williams	4	4
Mr D Walters	2	3
Mrs L Tyler, Chair	4	4
Mr T Drakes	3	4
Mrs M Wright, Executive Director	0	4

Mr D Walters resigned as a Trustee during the year a replacement is being sought.

Governance reviews:

At every meeting the Governors monitor and challenge the performance of the school against targets and measured performance. The Governors are constantly looking to improve the way that the school performance can be monitored and to help the school improve.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Catalyst Academies Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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GOVERNANCE STATEMENT (continued)

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Essex ICE Service, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

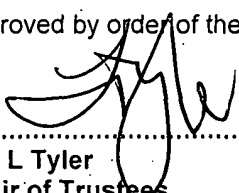
REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the board of trustees on 4 December 2014 and signed on its behalf, by:


.....
Mrs L Tyler
Chair of Trustees


.....
Mr K Williams
Vice Chair of Trustees

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Catalyst Academies Trust I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

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



.....
Mrs L Tyler
Accounting Officer

Date: 4 December 2014

CATALYST ACADEMIES TRUST
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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees (who act as governors of Catalyst Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

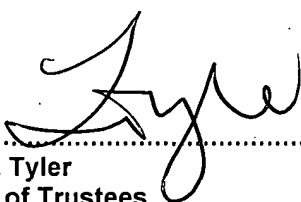
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 4 December 2014 and signed on its behalf by:


.....
Mrs L Tyler
Chair of Trustees

CATALYST ACADEMIES TRUST
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CATALYST ACADEMIES TRUST

We have audited the financial statements of Catalyst Academies Trust for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

With respect to Local Authority gifted assets, having a carrying amount of £1,021,804, the audit evidence available to us was limited because the Local Authority could not provide third party documentation to support the cost of a building gifted to the Academy Trust.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matters described in the Basis for Qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF CATALYST ACADEMIES TRUST

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

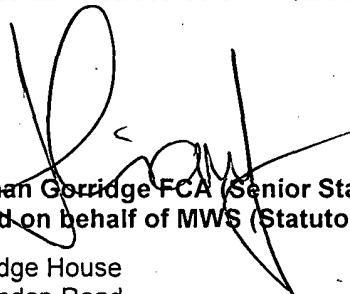
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work relating to gifted assets, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

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



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
17 December 2014

CATALYST ACADEMIES TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' 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 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Catalyst Academies Trust during the year 1 September 2013 to 31 August 2014 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 Catalyst Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Catalyst Academies Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Catalyst Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CATALYST ACADEMIES TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Catalyst Academies Trust's funding agreement with the Secretary of State for Education dated 26 March 2013, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Based upon our risk assessment of material non-compliance, we carried out detailed testing of the specific income streams from the EFA, and the related expenditure streams, to which specific conditions had been attached.

We evaluated the control environment of the Academy Trust, extending the procedures required for the financial statements to include regularity. We tested a sample of the specific control activities over regularity of particular activities. We confirmed that the Academy Trust had not entered into any borrowing arrangements. We carried out substantive testing of fixed assets to confirm that no sales of any assets had taken place. We reviewed cash payments made by the school for any unusual transactions and verified the nature of said transactions. We reviewed the list of suppliers to consider whether any supplies were made by related parties connected to the Principal, Finance Manager or any Governor. We reviewed the nature and terms of any lettings to ensure that any lettings made to any related parties were made at the normal third party rates and not on any favourable terms.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CATALYST
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

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

17 December 2014

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	As restated Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer on conversion	2	-	-	(23,254)	(23,254)	5,382,753
Other voluntary income	2	1,021,804	-	34,961	1,056,765	6,008
Activities for generating funds	3	-	-	84,263	84,263	18,272
Investment income	4	-	-	65	65	1
Incoming resources from charitable activities	5	3,680,843	586,371	-	4,267,214	854,992
TOTAL INCOMING RESOURCES		4,702,647	586,371	96,035	5,385,053	6,262,026
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income		-	-	-	-	468
Charitable activities		3,717,365	543,589	179,127	4,440,081	985,513
Governance costs	6	14,000	-	-	14,000	5,500
TOTAL RESOURCES EXPENDED	9	3,731,365	543,589	179,127	4,454,081	991,481
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		971,282	42,782	(83,092)	930,972	5,270,545

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

		Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	As restated Total funds 2013 £
Transfers between Funds	Note 22	74,000	-	(74,000)	-	-
NET INCOME FOR THE YEAR		1,045,282	42,782	(157,092)	930,972	5,270,545
Actuarial gains and losses on defined benefit pension schemes		(125,000)	-	-	(125,000)	(117,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		920,282	42,782	(157,092)	805,972	5,153,545
Total funds at 1 September 2013		(932,866)	9,190,014	336,175	8,593,323	-
Prior year adjustment (Note 21)		-	(3,439,778)	-	(3,439,778)	-
TOTAL FUNDS AT 31 AUGUST 2014		(12,584)	5,793,018	179,083	5,959,517	5,153,545

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 38 form part of these financial statements.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08407989

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	18		6,626,538	5,743,773
CURRENT ASSETS				
Debtors	19	201,897	297,427	
Cash at bank and in hand		506,412	220,913	
		<u>708,309</u>	<u>518,340</u>	
CREDITORS: amounts falling due within one year	20	(282,330)	(178,568)	
NET CURRENT ASSETS			425,979	339,772
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,052,517</u>	<u>6,083,545</u>
Defined benefit pension scheme liability	27	(1,093,000)		(930,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>5,959,517</u>	<u>5,153,545</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	22	58,612	(2,866)	
Restricted fixed asset funds	22	6,814,822	5,750,236	
Restricted funds excluding pension liability		<u>6,873,434</u>	<u>5,747,370</u>	
Pension reserve		<u>(1,093,000)</u>	<u>(930,000)</u>	
Total restricted funds			5,780,434	4,817,370
Unrestricted funds	22		179,083	336,175
TOTAL FUNDS			<u>5,959,517</u>	<u>5,153,545</u>

The financial statements were approved by the Trustees, and authorised for issue, on 4 December 2014 and are signed on their behalf, by:

.....
Mrs L Tyler
Chair of Trustees

The notes on pages 19 to 38 form part of these financial statements.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	24	103,614	508,614
Returns on investments and servicing of finance	25	65	1
Capital expenditure and financial investment	25	181,820	(20,016)
INCREASE IN CASH IN THE YEAR		285,499	488,599

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	285,499	488,599
MOVEMENT IN NET FUNDS IN THE YEAR	285,499	488,599
Net funds/(debt) at 1 September 2013	220,913	(267,686)
NET FUNDS AT 31 AUGUST 2014	506,412	220,913

The notes on pages 19 to 38 form part of these financial statements.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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.

Investment income, gains and losses are allocated to the appropriate fund.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Sponsorship income provided to the academy 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 and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy 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 the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 Resources expended

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.

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are 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's depreciation policy.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Straight line over 50 years
Furniture and equipment	-	Straight line over 4 years
Computer equipment	-	Straight line over 3 years

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Taxation

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

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

Retirement benefits to employees of the academy 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy 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 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 the 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 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.

2. VOLUNTARY INCOME

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfer on conversion	-	(23,254)	(23,254)	5,382,753
Donations - General funds	-	9,951	9,951	1,826
Educational trips and visits	-	25,010	25,010	4,182
Local Authority gifted assets	1,021,804	-	1,021,804	-
Subtotal	1,021,804	34,961	1,056,765	6,008
Voluntary income	1,021,804	11,707	1,033,511	5,388,761

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

3. ACTIVITIES FOR GENERATING FUNDS

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	-	6,200	6,200	6,197
Catering income	-	65,327	65,327	8,930
School sales	-	1,091	1,091	1,059
Other income	-	11,645	11,645	2,086
	<u>-</u>	<u>84,263</u>	<u>84,263</u>	<u>18,272</u>

4. INVESTMENT INCOME

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Short term deposits	-	65	65	1

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Catalyst Academies Trust

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	3,068,798	-	3,068,798	774,720
Capital Grants	567,754	-	567,754	6,464
Other DfE/EFA grants	303,596	-	303,596	58,638
	<u>3,940,148</u>	<u>-</u>	<u>3,940,148</u>	<u>839,822</u>
Other government grants				
Local authority grants	283,544	-	283,544	4,277
Capital Grants	18,617	-	18,617	-
	<u>302,161</u>	<u>-</u>	<u>302,161</u>	<u>4,277</u>
Other funding				
Start up grant from sponsor school	24,905	-	24,905	10,893
	<u>24,905</u>	<u>-</u>	<u>24,905</u>	<u>10,893</u>
	<u>4,267,214</u>	<u>-</u>	<u>4,267,214</u>	<u>854,992</u>

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

6. GOVERNANCE COSTS

	Restricted funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Auditors' remuneration	14,000	-	14,000	5,500

7. DIRECT COSTS

	Educational Operations £	Total 2014 £	Total 2013 £
Educational supplies	117,850	117,850	37,556
Staff development	22,089	22,089	1,863
Educational consultancy	102,099	102,099	17,698
Central services	140,254	140,254	-
Wages and salaries	1,992,315	1,992,315	480,364
National insurance	116,339	116,339	31,152
Pension cost	134,403	134,403	50,875
	<u>2,625,349</u>	<u>2,625,349</u>	<u>619,508</u>

8. SUPPORT COSTS

	Educational Operations £	Total 2014 £	Total 2013 £
Net pension finance charge	39,000	39,000	9,000
Recruitment and support	9,215	9,215	617
Maintenance of premises and equipment	306,263	306,263	43,304
Cleaning	32,406	32,406	6,055
Rent & rates	25,428	25,428	2,578
Energy costs	44,025	44,025	3,046
Insurance	65,759	65,759	18,939
Security and transport	11,074	11,074	184
Catering	153,625	153,625	12,754
Bank interest and charges	1,143	1,143	175
Indirect staff costs	6,911	6,911	-
Legal and professional fees	86,742	86,742	22,249
Other support costs	24,586	24,586	5,168
Wages and salaries	331,354	331,354	94,829
National insurance	16,612	16,612	4,267
Pension cost	117,000	117,000	10,704
Depreciation	543,589	543,589	132,136
	<u>1,814,732</u>	<u>1,814,732</u>	<u>366,005</u>

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. RESOURCES EXPENDED

	Staff costs	Premises	Other costs	Total	Total
	2014	2014	2014	2014	2013
	£	£	£	£	£
Costs of generating voluntary income	-	-	-	-	468
Costs of generating funds	-	-	-	-	468
Direct costs	2,243,057	-	382,292	2,625,349	619,508
Support costs	464,966	996,926	352,840	1,814,732	357,005
Charitable activities	2,708,023	996,926	735,132	4,440,081	976,513
Governance	-	-	14,000	14,000	5,500
	2,708,023	996,926	749,132	4,454,081	982,481

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly	Support costs	Total	Total
	2014	2014	2014	2013
	£	£	£	£
Educational Operations	2,625,349	1,814,732	4,440,081	985,513

11. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	543,590	132,136
Auditors' remuneration	14,000	5,500
Operating leases	6,154	2,564

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	2,065,937	548,546
Social security costs	132,950	35,419
Other pension costs (Note 27)	251,403	61,579
	<u>2,450,290</u>	<u>645,544</u>
Supply teacher costs	257,732	26,648
	<u><u>2,708,022</u></u>	<u><u>672,192</u></u>

b. Staff numbers

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

	2014 No.	2013 No.
Management	3	5
Teachers	24	32
Administration and support	63	54
	<u>90</u>	<u>91</u>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in either year.

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

13. CENTRAL SERVICES

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

- Staffing
- Statutory audit fees
- Trustee insurance and premises valuations

The academy charges for these services on the following basis:

Costs are paid out of central retained funds. Retention rate is 5% of non-earmarked funding.

The actual amounts charged during the year were as follows:

	2014 £
Staffing	137,777
Trustee insurance and premises valuations	2,477
Audit fees	14,000
Bank charges	30
	<hr/>
Total	154,284

14. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

During the year, no Trustees received any remuneration (2013 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2013 - £NIL).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014 £	2013 £
Expected return on pension scheme assets	23,000	6,000
Interest on pension scheme liabilities	(62,000)	(15,000)
	<hr/>	<hr/>
	(39,000)	(9,000)

CATALYST ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17. TRANSFERS BETWEEN FUNDS

Funds have been transferred in respect of the following;

£118,000 has been transferred from restricted funds to the restricted pension reserve for employers LGPS contributions paid, on behalf of employees, from General Annual Grant (GAG) funds.

£156,000 of costs have been transferred from the unrestricted fund to restricted pension reserve representing the service cost and net finance charge of the LGPS.

£230,000 has been transferred from unrestricted funds to the restricted general fund to cover a deficit on this fund.

18. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2013 (as previously stated)	7,622,122	1,538,896	175,013	9,336,031
Prior year adjustment	(3,460,122)	-	-	(3,460,122)
At 1 September 2013 (as restated)	4,162,000	1,538,896	175,013	5,875,909
Additions	1,256,875	134,931	34,549	1,426,355
At 31 August 2014	5,418,875	1,673,827	209,562	7,302,264
Depreciation				
At 1 September 2013 (as previously stated)	39,624	99,061	13,795	152,480
Prior year adjustment	(20,344)	-	-	(20,344)
At 1 September 2013 (as restated)	19,280	99,061	13,795	132,136
Charge for the year	76,454	407,161	59,975	543,590
At 31 August 2014	95,734	506,222	73,770	675,726
Net book value				
At 31 August 2014	5,323,141	1,167,605	135,792	6,626,538
At 31 August 2013 (as restated)	4,142,720	1,439,835	161,218	5,743,773

Included in long-term leasehold property is leasehold land transferred on conversion of £464,000 (2013 - £464,000), which is not depreciated.

CATALYST ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

19. DEBTORS

	2014 £	2013 £
Trade debtors	-	270,011
VAT repayable	66,500	17,013
Prepayments and accrued income	135,397	10,403
	<u>201,897</u>	<u>297,427</u>

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

	2014 £	2013 £
Trade creditors	103,771	22,424
Pension scheme creditor	31,201	30,764
Other taxation & social security	35,113	43,096
Accruals and deferred income	112,245	82,284
	<u>282,330</u>	<u>178,568</u>

Deferred income

Deferred income at 1 September 2013	23,673
Resources deferred during the year	59,659
Amounts released from previous years	<u>(23,673)</u>
Deferred income at 31 August 2014	<u>59,659</u>

£

21. PRIOR YEAR ADJUSTMENT

In the prior period leasehold property was valued at reinstatement cost of £7,662,122 and £39,626 of depreciation was also recognised. The trustees deem this to no longer be appropriate and have restated the property to depreciated replacement cost of £4,162,000 with depreciation to 31 August 2013 of £19,282. This change in accounting policy has been applied retrospectively in accordance with FRS 3.

CATALYST ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	336,175	96,035	(179,127)	(74,000)	-	179,083
Restricted funds						
General Annual Grant (GAG)	(2,866)	3,068,798	(3,174,020)	112,000	-	3,912
Other DfE/EFA grants	-	303,596	(248,896)	-	-	54,700
Local Authority grants	-	283,544	(283,544)	-	-	-
Other grants	-	24,905	(24,905)	-	-	-
Pension reserve	(930,000)	-	-	(38,000)	(125,000)	(1,093,000)
	<u>(932,866)</u>	<u>3,680,843</u>	<u>(3,731,365)</u>	<u>74,000</u>	<u>(125,000)</u>	<u>(1,034,388)</u>
Restricted fixed asset funds						
Capital grants	6,464	586,371	(32,034)	-	-	560,801
Purchased fixed assets	19,802	-	-	-	-	19,802
Inherited assets	5,723,970	-	(511,555)	-	-	5,212,415
Local Authority gifted asset	-	1,021,804	-	-	-	1,021,804
	<u>5,750,236</u>	<u>1,608,175</u>	<u>(543,589)</u>	<u>-</u>	<u>-</u>	<u>6,814,822</u>
Total restricted funds	<u>4,817,370</u>	<u>5,289,018</u>	<u>(4,274,954)</u>	<u>74,000</u>	<u>(125,000)</u>	<u>5,780,434</u>
Total of funds	<u>5,153,545</u>	<u>5,385,053</u>	<u>(4,454,081)</u>	<u>-</u>	<u>(125,000)</u>	<u>5,959,517</u>

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

Restricted general funds

These funds relate to the Academy's development and operational activities.

Restricted pension funds

These funds represent the LGPS obligation to the employees of the Academy Trust.

Restricted fixed asset fund

These funds relate to long term assets held by the Academy Trust and grants to purchase or maintain these assets.

Unrestricted funds

These funds relate to amounts generated or acquired with no restricted covenants attached to them other than for use within the charitable objects of the Academy.

CATALYST ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

22. STATEMENT OF FUNDS (continued)

Restriction on surplus GAG

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Quarry Hill Academy	43,559
Benyon Primary School	116,167
Central funds	77,970
	<hr/>
Total before fixed asset fund and pension reserve	237,696
Restricted fixed asset fund	6,814,822
Pension reserve	(1,093,000)
	<hr/>
Total	5,959,518
	<hr/>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Benyon Primary School	685,795	165,078	67,738	205,598	1,124,209
Quarry Hill Academy	1,557,262	338,888	50,111	685,736	2,631,997
Central charges	137,777	-	-	16,507	154,284
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,380,834	503,966	117,849	907,841	3,910,490
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	336,175	96,035	(179,127)	(74,000)	-	179,083
Restricted funds	(932,866)	3,680,843	(3,731,365)	74,000	(125,000)	(1,034,388)
Restricted fixed asset funds	5,750,236	1,608,175	(543,589)	-	-	6,814,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,153,545	5,385,053	(4,454,081)	-	(125,000)	5,959,517
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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	6,626,538	-	6,626,538	5,743,772
Current assets	301,041	228,184	179,083	708,308	518,342
Creditors due within one year	(242,429)	(39,900)	-	(282,329)	(178,569)
Provisions for liabilities and charges	(1,093,000)	-	-	(1,093,000)	(930,000)
	<u>(1,034,388)</u>	<u>6,814,822</u>	<u>179,083</u>	<u>5,959,517</u>	<u>5,153,545</u>

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	930,972	5,270,545
Returns on investments and servicing of finance	(65)	(1)
Net assets inherited on conversion	-	(5,046,892)
Gifted asset	(1,021,804)	-
Depreciation of tangible fixed assets	543,590	132,136
Capital grants from DfE	(586,371)	-
Decrease/(increase) in debtors	95,530	(29,742)
Increase in creditors	103,762	178,568
FRS 17 adjustments	38,000	4,000
Net cash inflow from operations	<u>103,614</u>	<u>508,614</u>

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	<u>65</u>	<u>1</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(404,551)	(20,016)
Capital grants from DfE	586,371	-
Net cash inflow/(outflow) capital expenditure	<u>181,820</u>	<u>(20,016)</u>

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26. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	220,913	285,499	-	506,412
Net funds	220,913	285,499	-	506,412

27. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex Pension Fund. 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £31,201 were payable to the scheme at 31 August 2014 (2013 - 30,765) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual 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, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and

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27. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £155,000, of which employer's contributions totalled £118,000 and employees' contributions totalled £37,000. The agreed contribution rates for future years are 12.3% for employers and 5.5% - 7.5% for employees.

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

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27. PENSION COMMITMENTS (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	6.10	322,000	6.60	206,000
Gilts	3.00	33,000	3.50	25,000
Other bonds	3.60	55,000	4.40	28,000
Property	5.10	59,000	5.60	35,000
Cash	2.90	14,000	0.50	9,000
Alternative assets	3.60	20,000	4.40	13,000
Total market value of assets		<u>503,000</u>		<u>316,000</u>
Present value of scheme liabilities		<u>(1,596,000)</u>		<u>(1,246,000)</u>
(Deficit)/surplus in the scheme		<u><u>(1,093,000)</u></u>		<u><u>(930,000)</u></u>

The expected return on assets is based on the long-term future expected investment return for each asset classes as at the beginning of the period (i.e. as at 1 September 2014) for the year to 31 August 2015. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(1,596,000)	(1,246,000)
Fair value of scheme assets	<u>503,000</u>	<u>316,000</u>
Net liability	<u><u>(1,093,000)</u></u>	<u><u>(930,000)</u></u>

The amounts recognised in the Statement of financial activities are as follows:

	2014 £	2013 £
Current service cost	(117,000)	(21,000)
Interest on obligation	(62,000)	(15,000)
Expected return on scheme assets	<u>23,000</u>	<u>6,000</u>
Total	<u><u>(156,000)</u></u>	<u><u>(30,000)</u></u>
Actual return on scheme assets	<u><u>48,000</u></u>	<u><u>16,000</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

27. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	1,246,000	1,075,000
Current service cost	117,000	21,000
Interest cost	62,000	15,000
Contributions by scheme participants	37,000	8,000
Actuarial Losses	150,000	127,000
Benefits paid	(16,000)	-
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Closing defined benefit obligation	1,596,000	1,246,000
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Movements in the fair value of the academy's share of scheme assets:

	2014 £	2013 £
Opening fair value of scheme assets	316,000	266,000
Expected return on assets	23,000	6,000
Actuarial gains and (losses)	25,000	10,000
Contributions by employer	118,000	26,000
Contributions by employees	37,000	8,000
Benefits paid	(16,000)	-
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	503,000	316,000
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The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £242,000 (2013 - £117,000).

The academy expects to contribute £120,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	64.00 %	65.00 %
Gilts	6.00 %	8.00 %
Other bonds	11.00 %	9.00 %
Property	12.00 %	11.00 %
Cash	3.00 %	3.00 %
Alternative assets	4.00 %	4.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
RPI increases	3.50 %	3.70 %
CPI increases	2.70 %	2.90 %
Salary increases	4.50 %	4.70 %
Pension increases	2.70 %	2.90 %
Discount rate	4.00 %	4.70 %

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(1,596,000)	(1,246,000)	(1,075,000)
Scheme assets	503,000	316,000	266,000
Deficit	(1,093,000)	(930,000)	(809,000)
Experience adjustments on scheme liabilities	(150,000)	(127,000)	-
Experience adjustments on scheme assets	25,000	10,000	-

28. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	2013 £	2014 £	Other 2013 £
Expiry date:				
Within 1 year	-	-	2,106	-
Between 2 and 5 years	-	-	4,048	6,154

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29. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The below table outlines related party transactions with Dilkes Academy which has common Trustees with Catalyst Academies Trust:

	2014 £	2013 £
Educational consultancy	2,193	-
Teaching wages and salaries	10,149	11,646
Staff development	5,923	-
Donations	(6,860)	-
Central services - salaries	137,777	-

At 31 August 2014 the following amounts were outstanding with Dilkes Academy; Debtors £414 (2013: Creditors £11,646).

30. CONTROLLING PARTY

There is no ultimate controlling party