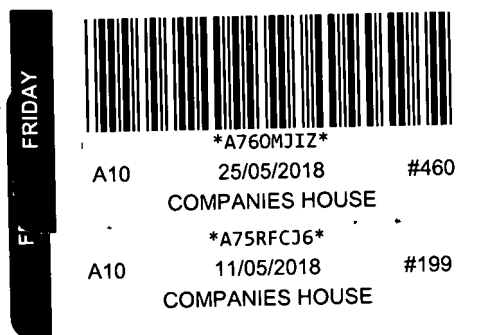


Cidari Education Limited
Multi Academy Trust
(A Company Limited by Guarantee)

Company Registration Number:
08822760 (England and Wales)

Annual Report and Financial Statements
for the year ended 31 August 2017



Contents

Reference and Administrative Details	3
Trustees' Report	5
Governance Statement	15
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent auditor's report on the Financial Statements	22
Independent Reporting Accountant's Assurance Report on Regularity	24
Statement of financial activities (incorporating the income and expenditure account)	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements, incorporating:	
- Statement of Accounting Policies	29
- Other Notes to the Financial Statements	35

Reference and Administrative Details

Members:

Bishop of Blackburn	Rt. Rev. Julian Henderson
Bishop of Burnley	Rt. Rev. Philip North
Bishop of Lancaster	Vacant
Archdeacon of Blackburn	Ven. Mark Ireland
Archdeacon of Lancaster	Ven. Michael Everitt
Chair of DBF	Canon John Dell

Trustees:

Chief Executive Officer/Accounting Officer	Liz Agbettoh	(resigned 7 October 2016)
Chief Executive Office/Accounting Officer	Peter Ashworth	(appointed 1 September 2017)
Chairman	Ian Higginbotham	(resigned 7 October 2016)
Chairman	Ven. Michael Everitt	(appointed 7 October 2016)
Deputy Chairman	Graeme Pollard	
Trustee	Elizabeth Nicholls	(resigned 7 October 2016)
Trustee	Ian Cherry	(resigned 4 April 2017)
Trustee	Carolyn Johnson	(resigned 4 October 2017)
Trustee	Stephen Whittaker	
Trustee	Clive Nattrass	(resigned 29 November 2016)
Trustee	Helen Thomas	
Trustee	Sam Johnson	
Trustee	Angus McLeod	(appointed 7 October 2016)
Trustee	Graham Warnock	(appointed 20 September 2016)
Trustee	Jo Venn	(appointed 9 May 2017)

Senior Management Team:

Chief Executive Officer	Liz Agbettoh	(resigned 7 October 2016)
Chief Executive Officer	Peter Ashworth	(appointed 1 September 2017)
Head of Operations	Matthew McIver	(appointed 1 April 2017)
Head of Finance	Sally Little	(resigned 7 October 2016)
Principal of St George's School	Graham Warnock	
Principal of St Luke & St Phillip's Primary School	Samantha O'Connell	(appointed 15 October 2016)
Principal of Darwen St James' CE Primary Academy	Maggie Beck	
Principal of St Barnabas' Primary School	Helen Thomas	
Principal of St Aidan's Primary School	Rachel Senior	
Principal of Baines Endowed Primary School	Joanne Snape	(resigned effective 31 July 2017)
Principal of Baines Endowed Primary School	Debi Ruisling	(appointed 1 September 2017)
Principal of Great Marsden St John's Primary School	Michaela Underwood	
Principal of Newchurch St Mary's Primary School	Pauline Nightingale	(Converted 1 May 2017)

Company Name:	Cidari Education Limited
Company Secretary:	Ron Matthews
Company registration number:	08822760

Reference and Administrative Details *(continued)*

Principal & Registered Office:

Clayton House
Walker Park
Blackburn
Lancashire
BB1 2QE

Independent Auditors:

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Bankers:

Lloyds Bank plc
Church Street
Blackburn
BB2 1JQ

Solicitors:

Napthens Solicitors
Greenbank Court
Challenge Way
Greenback Business Park
Blackburn
BB1 5QB

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates seven primary academies for pupils aged 4 to 11 and one secondary academy for pupils aged 11 to 16 in the Diocese of Blackburn, Lancashire. Its academies have a combined pupil capacity of 2,694 and the number on the roll at 31 August 2017 was 2,455.

Structure, Governance and Management

Constitution

The multi academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Cidari Education Limited are also the directors of the charitable company for the purposes of company law. That charitable company is known as Cidari Multi Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

The Multi Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business and provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Members are responsible for the appointment of Trustees to fill any vacancies amongst the seven foundation trustees. This may be reflected in the appointment of officers, or former officers, of the Diocese or other individuals in the community recognised for their strong faith beliefs but not necessarily within the Church of England.

Provision is also made for two members of staff to serve on the board drawn from amongst the Heads within the trust, one from a secondary academy and one from a primary academy. Such appointments would be considered, following an election process, from amongst their peers, should one be required following the nomination process.

Finally there is provision for the appointment of two members of the Local Governing Committees serving the academies of the trust. Again such appointments would be considered, following an election process, from amongst their peers, should one be required.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and Induction for Trustees is based on their individual requirements and their level of experience.

The staff and those appointed via the Local Governing Committee will have undergone regular training at network training events run by the Trust.

Foundation Trustees are taken through all necessary processes via the various officers of the trust.

A formal policy and procedure for the future training and induction of new Directors has been developed.

Trustees' Report *(continued)*

Organisation Structure

The scheme of delegation developed by the trust in line with the article of association clearly defines the level of delegation and areas of responsibility. This indicates the delegations to Headteachers, Local Governing Bodies, management of the trust and those responsibilities reserved for Directors and Members.

The Chief Executive Officer is the accounting officer of the trust.

The board of directors, having commenced the year meeting on a monthly basis have now drawn up a structure which includes the following Committees:

- Finance and Audit
- Our People; &
- Quality and Standards.

Each Committee has produced and agreed clear Terms of Reference to define their activities.

The Directors are responsible specifically for upholding the Christian Faith, setting general policy, adopting an annual plan and budget, monitoring the academies through the use of their budgets, capital expenditure and senior staff appointments. They also monitor the academic performance of all academies.

The Directors manage the academies at an executive level, whilst the Senior Leadership Teams in each academy implement the policies laid down for them by the Directors. They are also responsible, in line with the scheme of delegation, for the authorisation of spending within agreed budgets and Financial Regulations and the appointment of the majority of staff.

Arrangements for setting pay and remuneration of key management personnel

The Cidari Education Trust follows the Pay and Review Policy which is endorsed annually by the Members with regards to setting of key management personnel pay. Headteacher appraisal / performance management is completed by the Head of Education and the Local Governing Committee. The parallel process for Deputy Head and Assistant Headteachers is completed by the Headteacher and the Local Governing Committee. CEO appraisal is completed by the Chair and Vice Chair of the Trust Board and Central Team staff are appraised by the CEO.

Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO & Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Deputy Head and Assistant Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO & Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Central Team: After the appraisal cycle is completed, the recommended (and where appropriate) increase in band is sent by the CEO to the 'Our People Committee' (or in the case of the CEO, the Chair of the Board). Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Related Parties and other Connected Charities and Organisations

The Diocese of Blackburn is the main related party to the Trust through the Diocesan Board of Education and the Diocesan Board of Finance.

Trustees' Report *(continued)*

The members of the trust are the people as identified on page 3. Their involvement in the day to day activities of the trust are confined to those activities and delegations outlined in the scheme of delegation and those contained within the Article of Association.

They are also responsible for holding the Annual General Meeting of the Company, last held on 13 December 2016, within the eighteen month period required by the Articles since the establishment of the Company.

During the year ended 31 August 2017 the following academies joined the trust:

Newchurch-In-Pendle St Mary's Church of England Primary School 1 May 2017

Objectives and Activities

Objects and Aims

The principle activities of the trust are set out in its articles of association and mission statement namely:

- a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:
 - i. Academies other than those designated Church of England, whether with or without a designated religious character,
 - ii. Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Blackburn Diocesan Board of Education,

But in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England, and;
- b) Providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of the United Kingdom especially those who have need of such facilities by reason of their youth, age, infirmity, disablement or poverty of social and/or economic circumstances.

The Benefits of joining the Cidari Multi Academy Trust

The board of trustees established the benefits of joining Cidari Multi Academy Trust as follows:

Christian ethos informs and shapes our vision, values and practice.

Improving teaching and the wellbeing of pupils through a collaborative professional network of Local Headteachers and School Leaders.

Direction and support provided for Governors, Heads, and Teachers to achieve excellence in all they do.

Access to School Improvement Packages, and sharing in best practice from our own Schools and national sources.

Trustees' Report *(continued)*

Receipt of benefits in procurement, advice, and capital developments through the pooling of funding and ideas.

Influence – we network assiduously on a wider platform so that our members' views can be presented and voiced.

Objectives, Strategies and Activities of the Trust

To meet these priorities, the trust has appointed (or seconded) an operational team who have adopted a number of strategies and activities that include:

- Regular Network meetings for Headteachers, Business Managers and Governors;
- Offer central support for recruitment, payroll and financial assistance;
- Encourage sharing of best practice amongst academies;
- Offer support and advice to the Local Governing Bodies and where necessary sourcing additional governors. This included support from a National Leader of Governance;
- Work in partnership with the Blackburn Diocesan Board of Education to develop the Christian distinctiveness of each academy so they can provide an inspirational and holistic education which enables all children and staff to develop and achieve their full potential.

Public Benefit

Trustees have given consideration to the Charity Commissions general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the Multi Academy Trust's objectives is to advance, for the public benefit, education in the United Kingdom.

Trustees' Report *(continued)*

Strategic Report

Achievements and Performance

The Cidari Multi Academy Trust achievements in 2016 – 2017 include:

- The on-going close working relationship between all academies and the central team to share knowledge and expertise, to seek out best practice and to realise the vision for the trust.
- A close working relationship with the Regional Schools Commissioner and the DfE
- Development of a model membership format for Local Governing Committees.

The performance of Academies in Cidari Multi Academy Trust is shown in the tables below:

Historic performance 2013 to 2017

Secondary

For 2017 see new performance indicators below

St George's School	2013	2014	2015	2016
GCSE 5A*- C (English & Maths)	48%	47%	51%	53%
National GCSE 5A*- C (English & Maths)	59%	53%	53%	N/A
GCSE 5A*- C	63%	56%	62%	63%
GCSE 5A*- G	99%	99%	99%	99%

Primary

For 2016/17 see new performance indicators below

St Barnabas Primary School (ST B)	2013	2014	2015
RWM Level 4+	78%	95%	91%
National	75%	78%	80%

St Aidan's Primary School (ST A)	2013	2014	2015
RWM Level 4+	75%	48%	79%
National	75%	78%	80%

Baines' Endowed Primary School & Children's Centre	2013	2014	2015
RWM Level 4+	68%	66%	73%
National	75%	78%	80%

Darwen St James' C of E Primary Academy (DSJ)	2013	2014	2015
RWM Level 4+	60%	63%	47%
National	75%	78%	80%

St Luke & St Philip's Primary School (SLSP)	2013	2014	2015
RWM Level 4+	52%	76%	55%
National	75%	78%	80%

Great Marsden St John's Primary School (GMSJ)	2013	2014	2015
RWM Level 4+	45%	47%	43%
National	75%	78%	80%

Cidari Average	2013	2014	2015
RWM Level 4+	63%	66%	65%
National	75%	78%	80%

Trustees' Report (continued)

Early Years Foundation Stage (EYFS)

	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National	Trust
GLD 2016	73%	66%	70%	66%	75%	65%	68%	2016: 66%	69%
GLD 2017	66%	66%	70%	67% ↑	77% ↑	66% ↑	75% ↑	2017: 71%	70%↑

2016 Key Stage 1 Results (ARE) **Strong outcomes**

2016	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National 2016	Trust Av
Phonics	79%	76%	87%	81%	96%	77%	66.7%	77%	83%
Reading	74%	74%	87%	74%	86%	79%	66.7%	74%	79%
Writing	73%	75%	83%	69%	79%	73%	66.7%	66%	76%
Maths	73%	73%	90%	69%	90%	76%	66.7%	73%	78%

2017 Key Stage 1 Results (ARE)

2017	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National 2017*	Trust Av
GPS	83%↑	80%↑	79%	80%	96%	79%↑	83.3%↑	81%	83%
Reading	74%	74%	75%	74%	74%	75%	83.3%↑	75%	76%
Writing	71%	68%	73%	70%↑	70%	67%	83.3%↑	68%	72%
Maths	73%	74%↑	76%	74%↑	78%	73%	83.3%↑	75%	76%

Key Stage 2 2016 Results (ARE)

2016 Position	Baines'	DSJ	GMSJ	St A	St B	SLSP	National 2016	Trust Av
Reading	55%	36%	48%	55%	54%	43%	66%	48.5%
Writing (TA)	77%	74%	67.8%	73%	75%	74%	74%	74%
SPAG	72%	73%	76%	68%	75%	60%	72%	70.7%
Maths	76%	54%	54%	68%	79%	60%	70%	65.2%
Combined	53%	31%	42.5%	47%	50%	40%	53%	44%

Key Stage 2 2017 Results (ARE)

2017 Position	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN (All 50% in 2016)	National 2017	Trust Av
Reading	78%↑	43%↑	47%	25%	91%↑	40%	75%↑	71%	75%↑
Writing (TA)	77%↑	57%	63%	60%	82%↑	50%	87.5%↑	76%	88%

SPAG	86%↑	62%	57%	54%	91%↑	53%	87.5%↑	77%	6%
Maths	83%↑	57%	43%	57%	96%↑	43%	75%↑	75%	1.5%
Combined	70%↑	38%↑	40%	25%	82%↑	33%	75%↑	61%	57%↑

Summary: 2 academies have made significant improvements and SMN recovered. Trust reading and combined scores have improved as a result

Secondary data (Chronology, Predictions vs Outcomes)

		2014 Outcomes	2015 Outcomes	2016 Outcomes	2017 Prediction	August 2018 Actual
Progress Score	8	-0.47	-0.22	-0.16 (DfE defined: Average)	-0.45	-0.88
Progress Score (Disadv)	8	-0.72 Gap -0.25	-0.59 Gap -0.37	-0.60 Gap -0.44	-0.60 Gap -0.15	-1.07 Gap -0.19
GCSE 5 A*-C (Inc Ea&Ma)		48%	50%	54%		37%

Trust average attendance **Target – 96% Primary / 95% Secondary**

	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	St G
Average 2016	96.8%	96.3%	96.46%	96.5%	96.8%	96.2%		95.75%
Average 2017	96.3%	95.6%	96.2%	96.4%	97%	96.6%	96.7%	94.5%

National average for attendance in 2016 was 95%. **No 2017 figure from DfE yet**

Trust average 2016	Primary = 96.5%	Secondary = 95.75%
Trust average 2017	Primary = 96.4%	Secondary = 94.5%

Current Ofsted Grading

0 Academies are graded as Outstanding	0%	2019 Prediction	25%
2 Academies are graded as Good	25%	2019 Prediction	75%
5 Academies are graded as Requires Improvement	62.5%	2019 Prediction	0%
1 Academies is still graded as Inadequate	12.5%	2019 Prediction	0%

Trust target: By the end of 2019 – all academies will be Good or better under the Common Inspection Framework and Evaluation Schedule

Trustees' Report *(continued)*

Going Concern

After making appropriate enquiries, the board of trustees 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 principal source of funding for the trust is the General Annual Grant (GAG), together with Pupil Premium and Start-up Grants (SUG). Expenditure has supported the key financial objectives of the trust which are to enable all students to access an outstanding education whilst ensuring the trust employs and retains outstanding leaders and practitioners and at the same time using financial resources prudently and responsibly.

Funding from the Academy Trust's Educational Operations amounted to £12,901,753 (2016: £13,246,113). Transfers on conversion were £30,079 (2016: £35,937) and total income was £13,566,068 (2016: £13,737,058). Costs in respect of the Academy Trust's educational activity amounted to £13,976,889 (2016: £14,218,857) and total costs, before gains on the LGPS pension scheme of £149,000 (2016 loss of £1,902,000), were £14,061,011 (2016: £14,274,630). (2016 comparatives are restated see note 29)

Balances carried forward to 2016/17 on the various funds are as follows:

• Unrestricted funds	£ 477,783
• Restricted general funds	(£ 5,528,000) (deficit on LGPS pension scheme)
• Restricted fixed asset funds	£17,444,469
• Total	£12,394,252

Cash at bank and on hand at 31st August 2017 amounted to £1,242,761 (2016: £1,628,262). A substantial portion of the negative movement in funds related to Condition Improvement Funding received last year being expended on capital projects.

Reserves Policy

The trustees review the reserve levels of each academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The academies within the trust are expected to retain 12% of their income in reserves. Where this is not already the case, academies are expected to develop a long term financial plan to achieve this target. The level of reserves will be reviewed and adjusted, if necessary, as new academies join the multi academy trust. Reserves are held to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The trust had £477,783 in unrestricted general funds at 31 August 2017.

Investment policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments is one of minimum risk, with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments. A formal Investment Policy was agreed at the Finance and Audit Committee on 19 October 2017.

Trustees' Report *(continued)*

Principle Risks and Uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has addressed these risks by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this by developing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting the key risks are:

- The risk of achievements in core subjects being below expectations;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, safeguarding and the Prevent duty, the Charity Commission and the national curriculum;
- Financial Risk – not operating within budget, both centrally and in each individual academy, and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information;
- Conditions of buildings acting as a barrier to achievement or being a health and safety risk.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risk to which the multi academy trust is exposed has been identified as deficit budgets at two of the academies. Management action has been taken to address this risk and a planned programme to achieve a balanced budget as quickly as possible has been developed.

The central support team budget was also in deficit and again action was taken to mitigate the situation to ensure a balanced budget in the future.

The board of trustees has been kept fully informed of these issues and took the necessary decisions to ensure the above actions were implemented.

Trustees' Report *(continued)*

Plans for Future Periods

The central team recorded a surplus (£13,664) in the year ended 31 August 2017. A breakeven budget has been set for the financial year 2017/18 for the central team and a small surplus for the trust overall.

It is intended that the board of trustees will revisit its strategic direction during the financial year 2017/18 to ensure that a managed growth of the trust ensures that any such future risks, as identified above, are mitigated.

Auditor

Insofar as trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees 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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2017 and signed on the board's behalf by:



Ven. Michael Everitt
Chair of Trustees
19 December 2017

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cidari Education Limited 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 Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a possible
Michael Everitt	4	4
Ian Higginbotham	2	2
Graeme Pollard	4	6
Liz Agbettoh	2	2
Peter Ashworth	4	4
I Cherry	4	4
Carolyn Johnson	3	6
Liz Nicholls	2	2
Stephen Whittaker	5	6
Clive Natrass	2	2
Helen Thomas	5	6
Sam Johnson	5	6
Angus McCloud	5	5
Graham Warnock	3	6
Jo Venn	2	2

Liz Agbettoh resigned on the 7 October 2016 as Chief Executive Officer. Peter Ashworth was appointed Interim Chief Executive Office with effect from 10 October 2016 and subsequently Chief Executive Officer from 1 September 2017.

I Higginbotham resigned on 7 October 2016. Ven. Michael Everitt was appointed on 7 October 2016.

Dan Berry resigned his post on 15 March 2016 and Fred Kershaw resigned on 3 May 2016.

Elizabeth Nicholls resigned on 7 October 2016 and Clive Natrass resigned on 29 November 2016. Angus McLeod was appointed on 7 October 2016. Ian Cherry resigned on 4 April 2017. Jo Venn was appointed on 9 May 2017. Carolyn Johnson resigned on 4 October 2017.

Governance Reviews

The board of trustees met during the first half of 2016 to explore the strategic direction of the trust and also to review its approach to governance.

Plans are in place to undertake a similar exercise each year together with a skills audit, a self-evaluation review and a committee and chairs review.

Governance Statement *(continued)*

The Cidari Trust Board now comprises 11 Directors (of which one is the Chair of the Trust Board) and meets three times each year.

Chair of the Board: Ven. Michael Everitt
Board Member: Sam Johnson
Board Member: Angus McLeod
Board Member: Graham Warnock
Board Member: Helen Thomas
Board Member: Stephen Whittaker
Board Member: Graeme Pollard
Board Member: Peter Ashworth
Board Member: Jo Venn

Reporting into the Trust Board are 3 sub committees, the membership of which is derived from the Trust Board

1. Finance and Audit Committee: Chair – Angus McLeod
2. Quality & Standards Committee: Chair – Jo Venn
3. Our People Committee: Chair – Vacant

The Committee structure and membership was effective from 1 June 2015 as detailed below. The board assumed detailed responsibility for all areas of governance prior to the 1 June 2015.

Finance & Audit Committee

The Finance & Audit Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

- Subject to the responsibilities of the board and the scheme of delegation to advise the trust on all aspects of the Company's finances, financial policies, controls and strategy, strategic planning (relating to finance) and capital development.
- Ensure that the internal control systems of the trust, including audit activities and risk management and any of its subsidiaries are monitored actively, independently and objectively in order to:-
 - consider the adequacy and effectiveness of the trust's internal control systems and the extent to which they can be relied upon;
 - reinforce the independence and effectiveness of the internal audit function;
 - provide a sounding board for management on issues of concern in connection with the internal control systems and risk management;
 - advise on the reliability of the trust's information and risk management systems; and
 - underpin the objectivity and independence of the external auditors.
- To provide a medium of communication from the trust's auditors which is not controlled by management.

Attendance at meetings in the period 1 Sept 2016 to 31 August 2017 was as follows:

Trustee	Meetings attended	Out of a possible
I Cherry	2	2
C Johnson	2	2
A McCloud	1	2
G Pollard	2	2
S Whittaker	2	2

Quality and Standards Committee

The Quality and Standards Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

‘To monitor and review the quality and performance of education in all the trust’s academies.’

Attendance at meetings in the period 1 Sept 2016 to 31 August 2017 was as follows:

Trustee	Meetings attended	Out of a possible
I Higginbotham	1	1
L Nicholls	1	1
C Natrass	0	1
H Thomas	1	1

Our People Committee

The Our People Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

‘The Committee will ensure that all matters in relation to staff, their pay and performance, have policies and procedures in place and are regularly reviewed and monitored.’

The Committee did not meet during the year as there was insufficient business to hold a meeting.

Review of Value for Money

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

- The performance of Academies in the trust are set out on pages 10 and 11. The results for Key Stage 4 at St George’s School recorded a 4 percentage point improvement, from 51% to 53%, in the number of students achieving at least five A* to C GCSEs including English and maths. Within the primary academies there has been an overall improvement in performance at EYFS and at Key Stage 1. Key Stage 2 results are not comparable with prior testing and assessment schedules and must therefore be taken in isolation. Until national progress data is released by the DfE it is difficult to quantify what the performance of individual academies and the Trust has been. The only early indicator is that all primary academies are above the 2015-16 progress floor standard set by the DfE. By definition no Cidari Academy is reported as being ‘coasting’
- academies are above the 2015-16 progress floor standard set by the DfE. By definition no Cidari Academy is reported as being ‘coasting’.

Governance Statement *(continued)*

The centralisation of payroll has allowed the trust to monitor staff costs and remove duplication from the payroll processing cycle. All academies in the trust are paid by a single payroll provider and fortnightly and mid-month payrolls have been transferred to a single monthly payroll. This has improved efficiency, control and value for money across the trust.

- Monthly financial reporting and budget monitoring is carried out by the trust's central team with the support of Business Managers in each Academy. This standardised approach to financial reporting has allowed greater comparability across schools which lays a foundation for delivering savings through centralised procurement of goods and services in the year ahead.

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 on-going 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 Cidari Education Limited for the year ended 31 August 2017 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 Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

The board prepared an invitation to tender for the provision of an internal audit service during the year. However, due to the budgetary constraints noted in the Trustees' Report, the trust took a decision to defer. This decision was to be reviewed before September 2017 when it was again decided to defer an appointment at the present time. However, the finance consultant has this year undertaken an audit visit to each academy. In the interim the trust considered that existing arrangements were sufficiently robust to mitigate identified risks. The current arrangements include a robust

Governance Statement *(continued)*

due diligence process during academy conversions, monthly School Business Manager network meetings, central review of financial processes with monthly meetings with School Liaison Consultant.

Review of Effectiveness

As accounting officer, the Chief Executive Officer 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 external auditor;
- the financial management process;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework; and
- the work of the School Liaison and Finance Consultant

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance and Audit committees 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 19 December 2017 and signed on its behalf by:



Ven. Michael Everitt
Trustee



Peter Ashworth
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Cidari Education Limited I have considered my responsibility to notify the multi academy trust's board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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 ESFA.



Peter Ashworth
Accounting Officer
19 December 2017

Statement of Trustees' Responsibilities In Respect Of The Trustees' Annual Report And The Financial Statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 group and charitable company and of the group and charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgements 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;
- assess the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/Department for Education 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 UK 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 19 December 2017 and signed on its behalf by:



Ven. Michael Everitt
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIDARI EDUCATION LIMITED

Opinion

We have audited the financial statements of Cidari Education Limited ("the charitable company") for the year ended 31 August 2017 which comprise the Statement of financial activities, Balance Sheet and Statement of Cash Flows and related notes, including the accounting policies in note 1.

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 2017, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2016 to 2017* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Governance Statement and Statement on Regularity, Propriety and Compliance and the Statement of Trustees' Responsibilities. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 21, the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

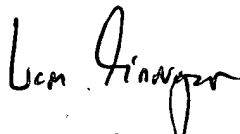
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

20th December 2017

Independent Reporting Accountant's Assurance Report on Regularity to Cidari Education Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cidari Education Limited (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy 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 the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

The work undertaken to draw our conclusion included:

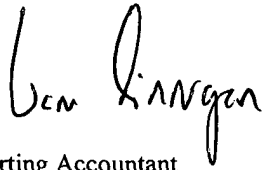
- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Chief Executive on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2016
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and

- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2016 to 2017.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
Manchester

20th December 2017

Cidari Education Limited

Statement of Financial Activities (including Income and Expenditure Account)

for the year ended 31 August 2017

	notes	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2017 £	Restated Total 2016 £
Incoming and endowments from:						
Donations and capital grants	3	23,848	-	86,083	109,931	612,011
Transfer from local authority on conversion		-	30,079	-	30,079	35,937
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	12,791,822	-	12,791,822	12,634,102
Other trading activities	5	633,000	-	-	633,000	452,347
Investments	6	1,236	-	-	1,236	2,641
Total		658,084	12,821,901	86,083	13,566,068	13,737,038
Expenditure on:						
Raising funds	7	84,112	-	-	84,112	55,773
Charitable activities:						
- Academy trust educational operations	7	-	13,307,202	669,697	13,976,899	14,218,857
Other		-	-	-	-	-
Total		84,112	13,307,202	669,697	14,061,011	14,274,630
Net income/(expenditure)		573,972	(485,301)	(583,614)	(494,943)	(537,592)
Transfers between funds		(217,337)	79,301	138,036	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	26	-	149,000	-	149,000	(1,902,000)
Net movement in funds		356,635	(257,000)	(445,578)	(345,943)	(2,439,592)
Reconciliation of funds						
Total funds brought forward		121,148	(5,163,000)	17,890,047	12,848,195	15,526,787
Pension deficit upon business combination		-	(108,000)	-	(108,000)	(239,000)
Total funds carried forward		477,783	(5,528,000)	17,444,469	12,394,252	12,848,195

The prior year has been restated to incorporate the impact of the change in accounting policy, to not recognise premises transferred to the Trust subject to a Diocese Supplemental Agreement and additions made to those premises.

Cidari Education Limited

Balance Sheet

as at 31 August 2017

		2017	Company Number 08822760	2017	Restated 2016	Restated 2016
	Note	£	£	£	£	£
Fixed assets						
Tangible assets	13		17,318,701			17,839,536
Current assets						
Stock		16,504		20,536		
Debtors	14	524,226		477,644		
Cash at bank and in hand	25	1,242,761		1,628,262		
		1,783,491		2,126,442		
Liabilities						
Creditors: Amounts falling due within one year	15	(1,179,940)		(1,954,783)		
Net current assets			603,551			171,659
Total assets less current liabilities			17,922,252			18,011,195
Creditors: Amounts falling due more than one year			-			-
Net assets excluding pension liability			17,922,252			18,011,195
Defined benefit pension scheme liability	26	(5,528,000)				(5,163,000)
Total net assets			12,394,252			12,848,195
Funds of the academy trust						
Restricted funds	16					
- Fixed asset fund		17,444,469		17,890,047		
- Restricted income fund		-		-		
- Pension reserve		(5,528,000)		(5,163,000)		
Total restricted funds			11,916,469			12,727,047
Unrestricted income funds	16					
- General fund		477,783		121,148		
Total unrestricted funds			477,783			121,148
Total funds			12,394,252			12,848,195

These financial statements on pages 26 to 56 were approved by the trustees and authorised for issue on 19 December 2017 and were signed on its behalf by:


Ven. Michael Everitt
Chair of Trustees

Statement of Cash Flows
for the year ended 31 August 2017

	<i>Note</i>	2017 £	2016 £
Cash flows from operating activities			
Net cash provided (used in) operating activities	22	(381,103)	31,603
Cash transferred on conversion	22	30,079	35,937
Cash flows from investing activities	24	(34,477)	174,749
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		(385,501)	242,289
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2015		1,628,262	1,385,973
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2016		1,242,761	1,628,262
		<hr/>	<hr/>

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Cidari Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

At the balance sheet date the trust had a surplus on the Restricted Fixed Asset Fund of £17,444,469 (2016: £17,890,047) and a deficit on the Restricted Pension Reserve Fund of £5,528,000 (2016: £5,163,000). This relates to the Local Government Pension Scheme (LGPS) funded defined-benefit pension scheme. With regards to the projections for the year ended 31 August 2017 the board of trustees is confident that, notwithstanding that liability, they are able to continue operating without any restriction and have therefore accounted for the trust on a going concern basis. The following financial forecasts have been prepared for the trust.

Financial Year Forecasts	2017/18 £000s	2018/19 £000s	2017/19 £000s
Income	13,799	13,904	14,006
Staff costs	10,213	10,486	10,645
Non staff costs	3,438	3,438	3,438
Surplus/Deficit	<u>148</u>	<u>(20)</u>	<u>(77)</u>

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

1 Statement of accounting policies (continued)

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restrict fixed asset fund

- **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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- **Donated fixed assets (excluding Transfers on conversion/into trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

- Long leasehold buildings 50 Years
- Fixtures, fittings and equipment 10 Years
- Office equipment 5 Years
- ICT equipment 3 Years
- Plant & Machinery 15 Years

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

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

Recognition and Valuation of Land and Buildings

The trust has been granted the use of properties either by supplemental agreement either by 125 year leases or subject to a transfer Agreement and Supplemental Agreement.

Where the premises are subject to 125 year lease these premises are recognised as leasehold property representing the fair value of the asset (being the right to use the property).

Those properties subject to a Supplemental Agreement are not recognised in the accounts because the Trust does not have sufficient control of the works or access to premises. These arrangements are considered mere licenses to occupy for a minimum of two years as stated in the ESFA Academy Accounts Direction section 8.7.5. The licence maybe revoked for any reason by the Diocese giving a minimum of 2 years notice to the Trust. (See note 29 for further explanation.) There are four school properties occupied in this manner – St Aidan's, St Barnabas (School buildings), Newchurch Mary's and Baines Endowed.

Notes (continued)

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a monthly and quarterly basis over the lease terms.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment

Transfer on conversion

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation – Profession Standards, 8th Edition published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standard and HM Treasury FReM interpretation.

Estimates

Assets records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide a reasonable estimate of the value of the assets for initial recognition proposed but should be regarded as a significant estimate in relation to the accounts.

Stock

Stock is valued at the lower of cost or net realisable value.

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 multi 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.

Notes (continued)

Pensions 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. The academy trust has not carried forward any GAG funds for the year ended 31 August 2017.

3 Donations and capital grants

	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total 2017	Total 2016
	£	£	£	£	£
Capital grant	-	-	86,083	86,083	606,852
Donated fixed assets	-	-	-	-	-
Other donations	23,848	-	-	23,848	5,159
	<u>23,848</u>	<u>-</u>	<u>86,083</u>	<u>109,931</u>	<u>612,011</u>

4 Funding for the Academy Trust's educational operations

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
DfE/ESFA grants				
- General Annual Grant (GAG)	-	11,798,362	11,798,362	11,626,829
- Start up grants	-	10,798	10,798	-
- Other DfE/ESFA Grants	-	602,931	602,931	492,978
	<u>-</u>	<u>12,412,091</u>	<u>12,412,091</u>	<u>12,119,807</u>
Other Government Grants				
- Local authority grants	-	379,731	379,731	514,295
- Special educational projects	-	-	-	-
	<u>-</u>	<u>379,731</u>	<u>379,731</u>	<u>514,295</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>12,791,822</u>	<u>12,791,822</u>	<u>12,634,102</u>

Notes (continued)

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Nursery Fee Income	94,335	-	94,335	82,750
Trip Income	46,229	-	46,229	39,720
Sales Of Other Goods Services	8,630	-	8,630	694
Lettings Income	33,599	-	33,599	9,192
Catering Income	90,749	-	90,749	83,414
Music Services Income	7,313	-	7,313	3,265
Uniforms Income	4,346	-	4,346	8,055
Staff Services – Consultancy	7,109	-	7,109	7,292
Supplier Teacher Insurance	73,752	-	73,752	22,049
Private Funds Income	2,337	-	2,337	6,968
Rates Relief	45,761	-	45,761	-
Sponsor Income	-	-	-	2,682
Other Income	218,840	-	218,840	186,266
	<hr/>	<hr/>	<hr/>	<hr/>
	633,000	-	633,000	452,347
	<hr/>	<hr/>	<hr/>	<hr/>

Other income includes income from after school club, before school club, music lessons, PHSE, children's centre and other sundry items.

Notes (continued)

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	1,236	-	1,236	2,641
	<u>1,236</u>	<u>-</u>	<u>1,236</u>	<u>2,641</u>

7 Expenditure

	Non Pay Expenditure			Total	Total Restated
	Staff costs £	Premises £	Other £	2017 £	2016 £
Expenditure on raising funds	67,085	1,551	15,476	84,112	55,773
Academy Trust's educational operations					
- Direct costs	8,498,071	38,912	1,551,865	10,088,848	9,795,252
- Allocated support costs	2,136,879	206,996	1,544,176	3,888,051	4,423,605
Total	<u>10,702,035</u>	<u>247,459</u>	<u>3,111,517</u>	<u>14,061,011</u>	<u>14,274,630</u>

Net income/(expenditure) for the period includes:

	Total 2017 £	Total Restated 2016 £
Operating leases	72,599	52,798
Depreciation	642,631	609,313
(Gain)/loss on disposal of fixed assets		-
Fees payable to auditor for:		
- Audit	43,190	31,500
- other services	14,645	6,950

Included with in expenditure are the following transactions:

	Total £	Individual Amount £	Amounts above £5,000 Reason
Compensation payments	98,866	8,850	Severance Payment
		9,575	Severance Payment
		11,900	Severance Payment
		28,000	Severance Payment
		30,000	Severance Payment

Notes (continued)

8 Charitable Activities

	Total	Total
	2017	Restated
	£	2016
	£	£
Direct costs – educational operations	10,088,848	9,795,252
Support costs – educational operations	3,888,051	4,423,605
 Total direct costs	 13,976,899	 14,218,857
 Analysis of support costs	 	
Support staff costs	2,108,631	2,657,112
Depreciation	-	-
Technology costs	125,647	86,502
Premises costs	676,896	663,908
Other support costs	771,847	824,159
Governance costs	205,030	191,924
 Total support costs	 3,888,051	 4,423,605

Notes (continued)

9 Staff

	2017 £	2016 £
a. Staff costs		
Staff costs during the period were:		
Wages and salaries	7,666,629	8,115,111
Social security costs	704,204	514,330
Operating costs of defined benefit pension schemes	1,593,234	1,399,986
Apprenticeship levy	15,851	-
	<hr/>	<hr/>
Total costs	9,979,918	10,029,427
	<hr/>	<hr/>
Supply staff costs	623,244	412,872
Staff restructuring costs	98,866	94,051
	<hr/>	<hr/>
	10,702,028	10,536,350
	<hr/> <hr/>	<hr/> <hr/>
 Staff restructuring costs comprise:		
Redundancy payments	6,754	58,351
Severance payments	92,112	35,700
Other restructuring costs	-	-
	<hr/>	<hr/>
	98,866	94,051
	<hr/> <hr/>	<hr/> <hr/>

b. Non statutory/non contractual staff severance payments

During the period the trust has incurred six (2016: two) severance payments totalling £92,112 (2016: £35,700) which are non-statutory/non-contractual severance payments. The individual amounts paid were £3,786, £8,850, £9,575, £11,900, £28,000 and £30,000.

c. Staff numbers

The average monthly number of staff employed within the academies during the period was:

	2017 No.	2016 No.
Teachers	119	131
Administration and support	200	214
Management	20	18
	<hr/>	<hr/>
	339	363
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Staff (continued)

d. Higher paid staff

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

	2017	2016
	No.	No.
£60,001-£70,000	6	7
£70,001-£80,000	1	2
£80,001-£90,000	2	3
£90,001-£100,000	1	1
£100,001-£110,000	-	-
£110,001-£120,000	2	-

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £837,337 (2016: £847,086).

10 Central Services

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

- Human resources
- Financial services
- Legal services
- Education support services
- Other as arising

The trust charges for these services on a percentage basis dependent on the Ofsted rating.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Baines	123,181	123,199
Great Marsden St Johns	58,231	83,432
Blackburn St Aidan's	78,055	80,862
Darwin St Barnabas	51,237	49,718
St Georges	241,952	239,862
Darwen St James	37,022	47,089
St Luke's and St Phillips	64,372	64,362
New Church St Marys	-	-
	<hr/>	<hr/>
	654,050	688,524
	<hr/>	<hr/>

Notes (continued)

11 Related party transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment.

The value of trustee's remuneration and other benefits was as follows:

L Agbetteh (Chief Executive Officer and Trustee – resigned)

Remuneration £10,000 - £20,000 (2016: £90,000 - £95,000)

Employer's pension contributions £1 - £5,000 (2016: £5,000 - £10,000)

P Ashworth (chief Executive Officer and Trustee – appointed 10 October 2016)

Remuneration £110,000 - £115,000 (2016: Not a Trustee)

Employer's pension contributions £10,001 - £15,000 (2016: Not a Trustee)

G Warnock (Principal of St George's School and Trustee – appointed 20 September 16)

Remuneration 100,000 - £105,000 (2016: £80,000 - £85,000)

Employer's pension contributions £10,001 - £15,000 (2016: £10,001 - £15,000)

H Thomas (Principal of St Aidan's School and Trustee)

Remuneration £55,000 - £60,000 (2016: £50,000 - £55,000)

Employer's pension contributions £5,001 - £10,000 (2016: £5,001 - £10,000)

During the period ended 31 August 2017, travel and subsistence totalling £2,314 (2016: £2,998 to one) were reimbursed to three trustees.

Stephen Whittaker (Trustee) is Director of Education for the Blackburn Diocesan Board of Education (DBE) which the Trust has a trading relationship with for staff secondments, due diligence and office overheads.

More information on related party transactions involving the DBE are set out in note 27.

Notes (continued)

12 Trustees' and officers' insurance

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

13 Tangible Fixed Assets

	Leasehold Land and Buildings £	Fixtures and Equipment £	Computer Hardware £	Total £
Cost or valuation				
At 31 August 2016 (Restated)	18,089,498	319,653	770,665	19,179,816
Additions	-	50,222	101,432	151,654
Disposals	(29,858)	-	-	(29,858)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	18,059,640	369,875	872,097	19,301,612
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 31 August 2016 (Restated)	760,554	62,291	517,435	1,340,280
Charge for the period	327,724	35,120	279,787	642,631
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	1,088,278	97,411	797,222	1,982,911
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2017	16,971,362	272,464	78,475	17,318,701
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016 (Restated)	17,328,944	257,362	253,230	17,839,536
	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

14 Debtors

	2017 £	2016 £
Trade debtors	12,647	17,944
VAT recoverable	36,603	20,491
Other debtors	-	-
Prepayments and accrued income	474,976	439,209
	<u>524,226</u>	<u>477,644</u>

Notes (continued)

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	603,336	510,687
Other taxes and social security costs	-	144,287
Other creditors	33,605	172,767
Accruals and deferred income	542,999	1,127,042
	<hr/>	<hr/>
	1,179,940	1,954,783
	<hr/>	<hr/>

Deferred Income

	2017 £	2016 £
Included in accruals and deferred income above		
Deferred Income at 1 September 2016	283,919	136,962
Released from previous years	(283,919)	(136,962)
Resources deferred in the year	260,264	283,919
	<hr/>	<hr/>
Deferred income at 31 August 2017	260,264	283,919
	<hr/>	<hr/>

At the balance sheet date the academy trust was holding funds received in advance for nursery and other grants for the autumn term 2017.

Notes (continued)

16 Funds

	Restated Balance at 1 Sept 2016 £	Income £	Expenditure £	Gains losses and transfers £	Balance at 31 Aug 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	10,685,627	(10,547,591)	(138,036)	-
Pupil Premium	-	1,112,735	(1,112,735)	-	-
Start Up Grant	-	10,798	(10,798)	-	-
Other Dfe/ESFA Grants	-	602,931	(602,931)	-	-
Other Grants	-	409,810	(627,147)	217,337	-
Pension reserve	(5,163,000)	-	(257,000)	(108,000)	(5,528,000)
	<u>(5,163,000)</u>	<u>12,821,901</u>	<u>(13,158,202)</u>	<u>(28,699)</u>	<u>(5,528,000)</u>
Restricted fixed asset funds					
Transfer on conversion	17,311,996	-	(478,799)	-	16,833,197
DfE/ESFA capital grants	253,116	65,660	(2502)	-	316,274
Capital expenditure from GAG	321,691	-	(185,020)	138,036	274,707
Private sector capital sponsorship	3,244	20,423	(3,376)	-	20,291
	<u>17,890,047</u>	<u>86,083</u>	<u>(669,697)</u>	<u>138,036</u>	<u>17,444,469</u>
Total restricted funds	<u>12,727,047</u>	<u>12,907,984</u>	<u>(13,827,899)</u>	<u>109,337</u>	<u>11,916,469</u>
Total unrestricted funds	<u>121,148</u>	<u>658,084</u>	<u>(84,112)</u>	<u>(217,337)</u>	<u>477,783</u>
Total funds	<u>12,848,195</u>	<u>13,566,068</u>	<u>(13,912,011)</u>	<u>(108,000)</u>	<u>12,394,252</u>

The trust is carrying a nil balance on restricted general funds (excluding pension reserve) plus a surplus on unrestricted funds.

Restricted General Funds

Balances when carried forward are for funding (cash) to be spent on charitable activities of the trust in accordance with the grant agreements.

Notes (continued)

17 Funds (continued)

General Annual Grant (GAG)

Funds received from the ESFA are applied to the charitable activities of the trust as defined in the funding agreements. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of General Annual Grants (GAG) that it could carry forward at 31 August 2017. Note 2 discloses that no funds were carried forward.

Pension Reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by Your Pension Scheme (YPS) – Lancashire. In the current financial year, the deficit on the Fund has increased to £5,528,000 (2016: £5,163,000). The charge to the Income & Expenditure Account in the year was £406,000 (2016: £161,000) and other recognised gains were £149,000 (2016: loss of £1,902,000).

Restricted Fixed Asset Funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic years (as per the trust's fixed assets policy) and transfers between funds are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these have been committed in future years for depreciation and amortisation.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the board of trustees to meet the charitable objectives of the academy trusts.

Total Funds Analysis by Academy

Funds balances at 31 August 2017 were allocated as follows:

	2017	2016
	£	Restated £
Baines Endowed	208,411	232,881
Great Marsden St Johns	4,195	27,591
Blackburn St Aidan's	54,034	73,565
Darwen St Barnabas	100,401	73,532
St Georges	430,901	107,725
Darwen St James	(4,855)	(19,932)
St Luke's and St Phillips	34,241	20,053
Newchurch St Marys	31,058	-
Central Services	(380,603)	(394,267)
	<hr/>	<hr/>
	477,783	121,148
Restricted fixed asset fund	17,444,469	17,890,047
Pension reserve	(5,528,000)	(5,163,000)
	<hr/>	<hr/>
	12,394,252	12,848,195

Darwen St James Academy is carrying a net deficit of £4,855 on these funds due to time in implementing of a more cost-efficient structure on conversion.

The trust is taking the following action to return the academy to surplus of continuing the strategy of implementing cost efficiencies where possible and expects Darwen St James to be in surplus at the end of 2017/18 year.

Central Services is carrying a net deficit of £380,603 on these funds due to initial costs incurred following the set up.

The trust has restructured central costs and this will provide a surplus in the year (as in 2016/17) and is forecast to reduce the deficit without impacting on the services provided to the academies.

Notes (continued)

Total Cost Analysis By Academy

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 2017 £	Total 2016 £
Baines Endowed	1,859,123	301,301	167,623	255,332	2,583,379	2,671,211
Great Marsden St John's	614,114	67,600	100,014	161,553	943,281	957,510
Blackburn St Aidan's	594,394	106,957	98,105	105,834	905,290	971,954
Darwen St Barnabas	547,900	93,541	82,217	108,730	832,388	815,463
St Georges	3,507,196	505,167	274,494	535,967	4,822,824	4,746,051
St James	574,146	147,826	52,144	169,958	944,074	870,467
St Luke's and St Phillips	768,248	137,783	95,075	102,061	1,103,167	1,223,877
Newchurch St Marys	80,301	10,279	8,469	21,302	120,351	-
Central Services	-	757,727	48,650	329,913	1,136,290	953,574
Academy Trust	8,545,422	2,128,181	926,791	1,790,650	13,391,044	13,210,107

Notes (continued)

18 Analysis of Net Assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2017 £	Restated Total funds 2016 £
Tangible fixed assets	612	-	17,318,089	17,318,701	17,839,536
Current assets	1,657,111	-	126,380	1,783,491	2,126,442
Current liabilities	(1,179,940)	-	-	(1,179,940)	(1,954,783)
Pension scheme liability		(5,528,000)	-	(5,528,000)	(5,163,000)
Total net assets	477,783	(5,528,000)	17,444,469	12,394,252	12,848,195

19 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating lease was:

	2017 £	2016 £
Amounts due within one year	69,851	72,707
Amounts due between one and five years	232,536	245,760
Amounts due after five years	49,762	95,752
	352,149	414,219

20 Capital Commitments

	2017 £	2016 £
Contracted for but not provided in the financial statements	-	-

Notes (continued)

21 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.

22 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2017 £	2016 £
Net Income/(expenditure) for the reporting period	(494,943)	(537,592)
Adjusted for:		
Cash transferred on conversion	(30,079)	(35,937)
Voluntary income – fixed assets transferred on conversion	-	-
Depreciation (note 13)	642,631	609,313
Capital Grants from DfE and other capital income	(86,083)	(606,852)
Interest receivable (note 6)	(1,236)	(2,641)
Defined benefit pension cost less contributions payable (note 26)	297,000	13,000
Defined benefit pension scheme finance costs (note 26)	109,000	148,000
Decrease/(Increase) in stocks	4,032	(20,536)
Increase in debtors	(46,582)	(16,903)
(Decrease)/Increase in creditors	(774,843)	481,751
Net cash provided by /(used in) Operating Activities	(381,103)	31,603

23 Cash flows from financing activities

	2017 £	2016 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
	<u>-</u>	<u>-</u>

24 Cash flows from investing activities

	2017 £	2016 £
Dividends, interest and rents from investments	1,236	2,641
Payments to acquire tangible assets	(121,796)	(434,744)
Capital Grants from DFE and others	86,083	606,852
Net expenditure on capital expenditure	(34,477)	174,749

Notes *(continued)*

25 Analysis of cash and cash equivalents

	Opening balance £	Cash Flows £	Closing balance £
Cash at bank and in hand	1,628,262	(385,501)	1,242,761
Total cash and cash equivalents	1,628,262	(385,501)	1,242,761

Notes (continued)

26 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. Both are multi-employer 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 year ended 31 March 2012 and of the LGPS 31 March 2016

Contributions amounting to £22,189 (2016: £143,725) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers pension costs paid to TPS in the period amounted to £1,295,060 (2016: £1,263,392).

Notes (continued)

26 Pension and similar obligations (continued)

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £569,000 (2016: £595,000), of which employer's contributions totalled £438,000 (2016: £459,000) and employees' contributions totalled £131,000 (2016: £136,000). The agreed contribution rates for future years range from 8.8 to 17.0 per cent for employers and 5.5 to 12.5 per cent for employees. Revised contribution rates were determined as part of the 2016 actuarial valuation of the Fund and come into effect from 1 April 2017.

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

Principal Actuarial Assumptions

	As at 31 August 2017 %	As at 31 August 2016 %
Rate of increase in salaries	3.7%	3.4%
Rate of increase for pensions in payment/inflation	2.2%	2.0%
Discount rate for scheme liabilities	2.5%	2.2%
Inflation assumption (CPI)	2.2%	1.9%
Commutation of pensions to lump sums	N/A	N/A

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

Sensitivity Analysis (Deficit/Surplus)

	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate+.1%	5,327	4,984
Inflation +.1%	5,735	5,347
Pay Growth +.1%	5,579	5,236
1 year increase in life expectancy	5,670	5,289

Notes (continued)

26 Pension and similar obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity Instruments	1,083	790
Debt Instruments	57	51
Property	256	194
Cash & other liquid investments	113	72
Other	957	939
Total market value of assets	2,466	2,046

The actual return on scheme assets was £287,000 (2016: £347,000).

Amounts recognised in the statement of financial activities

	2017 £'000	2016 £'000
Current service cost	735	472
Net interest cost	109	116
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	0	32
Total amount recognised in the SOFA	844	620

The actuarial gains and losses for the current year 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 102 is a £1,955,000 loss (2016: loss of £2,104,000). Current year actuarial gain is £149,000 (2016 £1,902,000)

Notes (continued)

26 Pension and similar obligations (continued)

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

	2017 £000	2016 £000
At 1 September	7,209	3,834
Current service cost	724	463
Interest on pension liabilities	160	173
Employee contributions	131	136
Actuarial (gain)/loss on liabilities	(327)	2,193
Benefits/transfers paid	(74)	(26)
Plan introductions, benefit changes, curtailments and settlements	171	436
	<hr/>	<hr/>
At 31 August	7,994	7,209
	<hr/>	<hr/>

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

	2017 £000	2016 £000
At 1 September	2,046	973
Interest Income	51	57
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial (gain)/loss on liabilities	(178)	291
Employer contributions	438	459
Employee contributions	131	136
Benefits paid	(74)	(26)
Service Costs	(11)	(9)
Plan introductions, benefit changes, curtailments and settlements	63	165
	<hr/>	<hr/>
At 31 August	2,466	2,046
	<hr/>	<hr/>

Summary of academy's experience in the scheme

	2017 £000	2016 £000
Present value of defined benefit obligations		
Fair value of academy's share of scheme assets:	(7,994)	(7,209)
	2,466	2,046
	<hr/>	<hr/>
Deficit in the scheme	(5,528)	(5,163)
	<hr/>	<hr/>

Notes (continued)

27 Related party transaction

Upon the schools being converted to academy trust status under the Academies Act 2010 all the operations and assets and liabilities were transferred to Cidari Education Limited for £nil consideration.

The transfers have 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 as net incoming resources and resources expended in the Statement of Financial Activities as voluntary income and other resources expended.

Owing to the nature of the Cidari Education Limited's operations and the composition of the board of trustees being drawn from local public and private sector organisation, transactions may take place with an organisation in which a trustee has an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year the trust incurred costs of £75,866 (2016: £180,327) from the Blackburn Diocesan Board of Education, an entity with common ultimate control for the cost of secondments, due diligence and office overheads. At the year end, a balance of 2017 £359,357 (2016: £366,237) was due to the Blackburn Diocesan Board of Education. All transactions were made in accordance with the trust's financial regulations.

28 Events after the balance sheet date

There were no significant transactions after the balance sheet date.

29 Prior Period Adjustment

An area of judgement previously outlined in the Financial Statements of the Trust is in respect of the recognition of premises transferred in and the nature of those transfers.

Accounting standards and ESFA guidance require that recognition should look beyond legal title and consider control of assets, and as a key consideration within this the risks and rewards of ownership, in determining whether or not these assets should be recognised as incoming resources in the SOFA and on the Balance Sheet of the entity. This is an area of judgement and alternative views may be taken as to whether control and risk and rewards have sufficiently transferred to Cidari to justify recognition.

Three school premises St Aidan's, St Barnabas and Baines Endowed were transferred to the Trust in prior years under 125 year lease agreements with a peppercorn rent. In the case of four schools being St Aidan's, St Barnabas, Baines and Newchurch St Mary's the transfers were the subject of a Transfer Agreement and a Supplemental Agreement but not a fixed lease period.

In prior years the Trust has considered the following factors in determining whether or not the school premises should be recognised as the Trust's asset (other than for Newchurch St Mary's which was transferred in the current year); For premises under both long leases and supplemental agreements the following factors would indicate that Cidari has control of the assets and the related risks and rewards;

- Responsibility for the cost of maintenance and insurance of the sites;
- The nature of running the schools and the investments required by Cidari demonstrate that these are a long term, rather than short term, arrangements and that this is the intention of all parties.
- Right of use in fulfilment of its objectives (albeit for those under a Supplemental Agreement this is for an undefined period)

Whilst freehold title is not conferred in either case the Directors consider that where a 125 lease exists that combined with the factors above it is clear that the Trust does have control for that period and therefore it is appropriate to recognise the premises as an asset and in the SOFA on transfer, recorded at Fair Market Value. This treatment has been applied in prior years and is not subject to change in the current year.

Notes (continued)

However, for those premises subject to a Transfer Agreement and Supplemental Agreement there are further factors to consider which indicate that control is not passed to the Trust as follows;

- The Trustees of the schools have the ability to terminate the Supplemental Agreement with two year's notice. The agreement does not state that there are any restrictions in respect of the circumstances in which such a termination could be effected by the Trustees of the schools.
- The Trust requires consent of the Diocese before carrying out any works on the premises
- The Trust has only been granted permission to occupy the premises
- The Trustees of the school have the right to access the premises and have the right to intervene at any time. Therefore only limited rights have been delegated to the Trust (Cidari) over access.

In prior years the Trust determined that, whilst judgemental, it was appropriate to recognise the premises subject to Transfer Agreements and Supplemental Agreements as assets as the ESFA guidance stated that *"Taking all considerations into account it is likely that most church academies will conclude that the asset should be recognised on their balance sheet."* In the current year new guidance has been issued by the ESFA, 8.7.5 in the Academies Financial Handbook, which states that; *"Where the academy trust concludes that it does not have control over the premises either because of the church's ultimate right to determine access, or because of the church's right to consent to works, including capital works, or for other reasons, the premises would not meet the definition of an asset of the academy trust. In this circumstance the academy trust would not recognise the premises as a fixed asset on its balance sheet."* As a result of the new guidance the Directors have reconsidered and then changed the previous accounting policy and have derecognised assets previously recognised under Transfer Agreements and Supplemental Agreements and have restated the prior year comparative Statement of Financial Activity and Balance Sheet to reflect this change, the impact of which is outlined below.

The Academy Trust's occupation of these Schools is now recognisable by the Trust as:

- A notional donation (since it pays no actual rent) for the two year notice period
- A notional rent expense for its use of the premises for the current year
- A prepayment representing the notional rental expense for the remaining notice period i.e. for the next year

Reconciliations of the effect of the change in recognition of premises subject to supplemental agreement on total funds, net income and fixed assets for the comparative period are given below:

Reconciliation of Total Funds

	2016 £	2015 £
Total funds before restatement	19,324,062	21,669,454
Removal of net book value of premises subject to supplemental agreement	(6,475,867)	(6,142,667)
 Total Funds under current valuation policy	 <u>12,848,195</u>	 <u>15,526,787</u>

Reconciliation of Net Book Value

	2016 £	2015 £
Total net book value before restatement	24,315,403	24,156,767
Removal of net book value of premises subject to supplemental agreement	(6,475,867)	(6,142,667)
 Total net book value under current valuation policy	 <u>17,839,536</u>	 <u>18,014,100</u>

Notes *(continued)*

Reconciliation of Net Income

	2016 £
Net Income before restatement	(204,392)
Removal of net book value, additions and depreciation of premises subject to supplemental agreement from tangible assets	(333,200)
Total net book value under current valuation	<u>(537,592)</u>