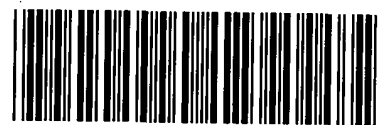


# CfBT Schools Trust

**Annual Report and Financial Statements  
for the year ended 31 August 2016**

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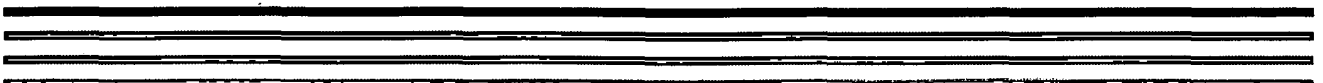
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## Reference and Administrative Details

### Members

Education Development Trust

Heather Dawson

Peter Rawlinson

Duncan Parkes

resigned 1 September 2016

appointed 1 September 2016

### Trustees

Heather Dawson (\*\*) (\*\*\*) (\*\*\*\*) (Chair)

Peter Rawlinson (\*) (\*\*\*\*) (Chair)

George Atterbury (\*)

David Hawker (\*) (\*\*) (\*\*\*\*)

Tim Irish (\*) (\*\*) (\*\*\*\*)

Steve Munby (\*\*) (\*\*\*\*)

Duncan Parkes (\*\*) (\*\*\*\*)

Chris Tweedale (\*) (\*\*\*\*) (\*\*\*\*\*)

Philip Wood (\*\*\*)

appointed Chair 1 September 2016

resigned 1 September 2016

resigned 22 September 2015

appointed 1 September 2016

resigned 30 September 2016

appointed 1 September 2016

\* Members of the Finance Committee

\*\* Members of the Education Committee

\*\*\* Members of the Audit Committee

\*\*\*\* Members of the Remuneration Committee

\*\*\*\*\* Members of staff

### Company Secretary

Sheila McKenzie

### Accounting Officer

Chris Tweedale (resigned 30 September 2016)

Sheila McKenzie (appointed 1 October 2016)

### Leadership team

Chief Executive

Education Director

Acting Chief Executive/Finance Director

Regional Director, Primary East Midlands

Regional Director, Primary Thames Valley/London

Chris Tweedale (resigned 30 September 2016)

Tim Culpin (resigned 31 August 2016)

Sheila McKenzie

Marie-Claire Bretherton (appointed 1 September 2016)

Karen Walker (appointed 1 September 2016)

### Company Name

CfBT Schools Trust

### Principal and Registered Office

Highbridge House, 16-18 Duke Street  
Reading, RG1 4RU

### Company Registration Number

07468210 (England and Wales)

### Independent Auditors

UHY Hacker Young LLP

Quadrant House, 4 Thomas More Square  
London, E1W 1YW

### Bankers

Lloyds Bank Plc

24 Broad Street

Reading, RG1 2BT

### Solicitors

Bates Wells & Braithwaite London LLP

Scandinavian House, 2-6 Cannon Street  
London, EC4M 6YH

The Trustees present their annual report together with the consolidated financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Trust's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (FRS 102).

The Trust operates 11 primary and five secondary academies in the East Midlands, London and Thames Valley. Its academies have a combined pupil capacity of 8,807 and had a roll of 7,833 in the school census on 6 October 2016.

## **Structure, Governance and Management**

### ***Constitution***

CfBT Schools Trust (CST) is a company limited by guarantee and an exempt charity. The charitable company's Articles of Association are the primary governing documents of CST. CST was incorporated on 13 December 2010, in the name of CfBT Schools Trust, and Oxford Spires Academy commenced as an academy on 1 January 2011. CST has entered into a funding agreement with the Department for Education which provides the framework within which all the Academies must operate.

The Trustees of CfBT Schools Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as CST.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 2.

### ***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' indemnity***

In accordance with the Articles of Association, subject to the provisions of the Companies Act 2006 and Article 6.3 every Trustee or other officer or auditor of the Trust and every member of any Local Governing Body and/or Advisory Body (in so far as necessary) shall be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

### ***Principal Activities***

CST's objects are specifically restricted to the following:

- 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 schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies");

- b) in the event that the Trust establishes, maintains, carries on, manages and develops Academies which are designated with a religious character, such Academy shall be conducted in accordance with the tenets, practices and teachings of the designated religion; and
- c) to promote for the benefit of the inhabitants of the areas served by the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

***Method of Recruitment and Appointment or Election of Trustees***

The Members of CST shall comprise:

- the sponsor;
- the Chair of the Board of Trustees; and
- any person appointed by the members.

Trustees are appointed by the sponsor, Education Development Trust. There shall be three Trustees appointed by the sponsor and three independent Trustees. The Chief Executive may be appointed as Trustee, ex officio.

When required, new Trustees are recruited through external agencies.

The term of office for any Trustee shall be three years, save that this time limit shall not apply to the Chief Executive and the Chair of the Board. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed for a maximum of two terms.

A Trustee shall cease to hold office if they resign their office by notice to CST (but only if at least three Trustees will remain in office when the notice of resignation is to take effect).

A Trustee shall cease to hold office if they are removed by the person or persons who appointed them.

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

Trustees are briefed regularly by the senior management team on educational, financial and other school matters through a combination of briefing at board meetings, other sessions, visits to schools, meetings with school chairs of governors and other individual meetings with the senior management team. An annual skills audit is performed to identify areas of additional training need.

When new Trustees join the board, tailored induction and training is provided dependent on their needs and existing experience to give them a good understanding of the wider educational context, CST's mission and aspirations, the operation of CST and their governance responsibilities. The induction process includes meetings with the Chair as well as written induction materials and visits to schools.

***Organisational Structure***

The board of Trustees of CST is constituted under the Articles of Association. The board of Trustees is responsible for ensuring high standards of corporate governance are maintained.

CST has established a structure to enable its efficient running. The structure consists of three levels; the board and its committees, the executive, local governing bodies and headteachers (with their senior leadership teams) at each school. The aim of the management structure is to devolve responsibility and encourage involvement in decision-making at all levels. A Scheme of Delegation laid down by the Trustees defines the roles and responsibilities at each level of the governance structure.

***Trustees***

As stated above, the Trustees are responsible for making major decisions about the strategic direction of CST and ensuring that the aims of CST are met.

### **Executive**

The central executive function of CST is responsible for developing and implementing the Trust strategy and policies; overseen by the Trustees. The Chief Executive is supported by a Finance Director and Regional Directors with a central support team delivering the key functions required to run CST.

The Chief Executive is the 'Accounting Officer' of CST.

### **Local governing bodies and headteachers**

The local governing bodies are a mix of individuals from each school's local community, and staff; its role is to support CST in relation to the functioning of that school under an agreed Scheme of Delegation approved by the Trustees.

Each local governing body has responsibility for setting those policies specific to its school as well as recommending annual plans and budgets for the school to the Trustees for approval. The Chair of the local governing body is nominated by the school and approved by the board of Trustees.

As the ultimate point of accountability for the performance of member academies, the Trustees monitor and challenge local governing bodies, and will intervene, where required, to support school improvement. In some cases, where there are concerns over the educational performance of a school the Trustees replace the local governing body with a rapid improvement board, which is small and more focused on school improvement and will be constituted with a number of education professionals.

Headteachers are responsible for the effective management (including financial management) of their schools.

### **Staff**

CST employed 1,266 staff on average through the period. CST believes in providing training and development for educators and managers, and in extending opportunities impartially to all. All employment decisions, policies and practices are made without regard to an individual's gender, race, colour, religion, sexual orientation or national origin.

During the period under review, CST, through the schools, provided training at all levels, professional support and access to internal and external continuous professional development tools and support. New staff are fully inducted and teachers take part in training events before each school year starts and throughout the school year.

Regular staff meetings and briefings take place at CST level, and headteachers and other key staff from each school meet regularly to share knowledge and best practice via headteachers' and business managers' forums, and other ad hoc working parties and research groups.

### **Parents and carers**

In order to achieve maximum potential in its pupils, CST believes it is vital that parents/carers are not only fully involved in developing our schools but also in holding them to account. The schools have a critical role in engaging all parents/carers in either assisting pupils in their learning or in creating an environment where study can take place at home. Excellent parent/carer relationships are therefore critical to a school's success.

### ***Arrangements for setting pay and remuneration of key management personnel***

The Trust board has established a Remuneration Committee whose role is to review and set the pay and remuneration of key management personnel. This includes the Chief Executive and other members of the executive team as well as the headteachers of the schools.

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

Education Development Trust (formerly named CfBT Education Trust) is the sponsor of CST and actively assists CST in the achievement of its objectives through the provision of research and other education support. Any services purchased by CST from Education Development Trust are purchased at cost, which totalled £1.22 million for 2015/16 (2014/15: £1.19 million). Of this total £1.09 million was for the salaries and related costs of staff employed by Education Development Trust and seconded to CST. The remaining £0.10 million related to services provided by Education Development Trust, including school improvement services.

## Objectives and Activities

### *Objects and Aims*

The principal activity of CST is to advance, for public benefit, education in England, in particular by establishing, managing and developing schools as academies – as defined by the Academies Act 2010 – which offer a broad curriculum.

This includes the establishment of free schools and other types of schools covered by the Academies Act. CST was set up by Education Development Trust (formerly CfBT Education Trust) on 13 December 2010 to provide education in academies and free schools.

CST is now a major group of academies underpinned by Education Development Trust's extensive experience of working with schools in the UK and internationally.

### **CST vision and values**

CST's vision is to transform lives by improving education.

Our mission is to ensure that every child and young person becomes a confident learner, understanding the contribution they can make as global citizens and living lives that make a positive difference.

At CfBT Schools Trust we inspire, challenge and support our leaders and teachers to make every lesson count. We work collaboratively, sharing 'what works' in our teaching and learning practice and together making our schools the very best they can be.

Our work is built on four values that we share with our sponsor Education Development Trust:

**Excellence** in learning outcomes, with an acknowledgement that this comes in many forms.

**Integrity** in the way we build trust and bring purpose to our work as an education charity.

**Accountability** through the rigorous and transparent assessment of our performance.

**Collaboration** in the way we take collective responsibility for each other and for the way we work together to achieve our overarching vision.

These values shape the way we work with individual schools, as well as the way the schools work with each other, to try to provide the best possible start in life for all our learners.

### ***Objectives, Strategies and Activities***

To achieve our vision, CST has five strategic priorities:

1. **A moral purpose and inclusive ethos** that promotes respect, enabling every child to: thrive and achieve their potential; love the challenge of learning; develop resilience for their journey ahead; and contribute to our communities as lifelong learners and global citizens.
2. **Ambitious and uncompromising leadership** from Heads, senior leaders and Trust leaders; putting excellent teaching and learning at the heart of our work, supported by a central focus on career development, talent management, recruitment and retention of outstanding professionals at the heart of our work.
3. **Excellent, determined and supportive teachers** who believe all children can achieve highly and who, together, create a climate of collaborative innovation in their school, and across the Trust.
4. **A hub model** that enables school-to-school, peer-to-peer support as a cornerstone of school improvement.
5. **Prudent stewardship of capital and financial resources and reserves** that enables the Trust and each school to serve their communities by strategically planning their finances, responding to unpredictable situations and managing individual school financial needs over time.

A *Strategic development plan* will set out actions required over the next academic year to deliver the five strategic priorities described above.

The *Strategic development plan* will be revised and updated annually to define CST's core focus for the coming academic year. It will be cross-referenced to the Ofsted review of May 2015, and the EFA Financial Management and Governance review of February 2016, to ensure their recommendations are also addressed.

### ***Plans for Future Periods***

We are at the start of a new chapter at CfBT Schools Trust. Having consolidated to 16 schools, we are reorganising the Trust into geographic hubs to promote school-to-school support. 2016/17 will be a year of preparing for growth, being clear about where and how we will add schools to CST. By the end of 2017-18 we will have added, or be in the process of adding, three new schools to the Trust.

Our strategy for growth will be tactical, with CST only seeking to acquire schools in order to strengthen its hubs – and thereby its educational offer. During 2016-17 we will work with existing primary schools to develop three hubs under these principles in Lincoln, London and Reading/Oxfordshire, while laying the foundations for hubs in Derby and South Lincolnshire. For our secondary schools, we will work with them to identify the right hub model for their particular circumstances.

Identifying, developing and retaining talent are crucial to future-proofing excellence at all levels in our Trust. During 2016-17, we will devise a talent management programme that supports and develops talented individuals and equips them to work effectively across different schools and roles across CST. To aid talent retention, we will aim to create a progression 'road map' with clear career pathways for key roles. This will be linked to a Trust-wide performance management framework.

We will also continue to focus on innovative ways of recruiting in the current difficult climate, as we have done this year by recruiting staff in Australia.

In the long term, we aim to position ourselves as a system leader through the quality of what we do, and the value of what we have to say. We will achieve this not by becoming a large multi-academy trust, but becoming a successful, distinctive and forward-thinking academy trust that carves a definitive path through the ever changing educational landscape.

### ***Public Benefit***

In setting CST's objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Directors consider that the Trust's aims are demonstrably for the public benefit.

## **Strategic report**

### **Achievements and Performance**

CST is committed to providing excellence in education – in many forms, and at many levels – and we are constantly reviewing our systems and processes to see where we can improve. This year, we have successfully undertaken a number of projects in key areas to support school improvement and raise standards across the Trust, including:

- **Assessment** – building on the introduction of our assessment handbooks last year, we have continued to support schools with life 'after Levels' by refining assessments systems and tools at both primary and secondary.
  - Our primary schools have now all adopted our home-grown assessment grids for tracking and measuring pupil progress and attainment, with guidance from an Assessment Handbook. We have also completed the migration of all primary schools to RM Integris to enable more effective tracking and analysis of data to inform school improvement planning.
  - At secondary level, we have implemented skills grids for English and are developing them in science, as well as having schemes of work in common for the new maths curriculum. We have tightened data collection processes and have been working with Capita on the development of a MAT-level SIMS product.
- **Teaching and learning** – our team of subject specialist secondary teachers continue to offer effective support to our secondary schools, and their impact has been evaluated. Managed by our



School Improvement Lead, the team is constantly developing their support for secondary practitioners in the core subjects of English, maths and science and are much valued by our schools.

- **Pupil Premium** - a review of Pupil premium expenditure and the effectiveness of provision has been undertaken and reported to Trustees.
- **Governance** – following on from the development of our Scheme of Delegation, we produced a Governors' Handbook, along with a suite of resources, to support governance good practice in all CST schools. We have also delivered a successful programme of training for Clerks and Chairs of Governors, the feedback from which has been extremely positive.
- **Safeguarding** – we have established a robust programme of safeguarding and health and safety audits.
- **Property** – we have completed a full survey of CST's estates which has led to the development of a five-year capital investment plan of the Trust's current estate.
- **Finance** – we have undertaken a curriculum review of our secondary schools to ensure teaching staff are being deployed in an efficient and cost-effective way. We are now in the process of developing a similar model for primary schools.

This year also saw the successful transfer of three secondary schools – Danum Academy, City of Ely Community College and Sir John Gleed School - to alternative sponsors. Each of these schools faced a particular set of challenges, and providing the right levels of support to help them improve quickly proved extremely difficult. In light of this, CST agreed with the Department for Education (DfE), that these schools would be transferred to other academy sponsors that were closer geographically to them, enabling the kind of intensive, on-hand support appropriate to their stage of development.

## Key Performance Indicators

### Financial performance

The Trustees regularly review CST's actual income and expenditure against the authorised budget. Changes to the budget to reflect new information with regard to income or expenditure are approved in line with the authorisation limits established in the CST Finance Handbook.

Ratio analysis and benchmarking is performed annually to ensure that the schools are applying their resources efficiently and effectively to achieve the best possible educational outcomes.

- Unrestricted income (excludes income from grants & delegated funding) as a percentage of total income has remained constant at 2.2% (2015: 2.3%).
- Staff costs as a percentage of total operating costs has remained constant at 72% (2015: 71%). This reflects that savings have been made in the year to both staff costs £50.7 million (2015: £52.0 million) and non-pay expenditure £20.0 million (2015: £20.9 million).
- The reduction current ratio 1:1.6 (2015: 1:1.9) and liquidity £7.1 million (2015: £8.8 million) reflects the transfer out of the three academies.

### Academic performance

A number of CST schools were inspected by Ofsted during the year, providing valuable feedback on the effectiveness on improvement strategies at school and Trust level. All of the schools which were subject to a Section 5 inspection in this academic year, and had been inspected previously as academies, had improved by at least one category and – notably – moved out of a category of concern. These were:

#### Primary academies

Benjamin Adlard Primary School – Special Measures to Good

Meadow Park Academy – Special Measures to Requires Improvement

#### Secondary academies

Danum Academy<sup>1</sup> – Special Measures to Requires Improvement

Oakbank School – Requires Improvement to Good

<sup>1</sup> \*Danum Academy was transferred to a new sponsor in August 2016

Boston West Academy was inspected as an academy for the first time in the summer term of 2016, and judged Outstanding in all areas.

At the end of 2015/16, Ofsted judgements for the Trust's remaining schools that have been inspected were as follows:

	Number		Percentage (%)	
	2016	2015	2015	2016
<b>Outstanding</b>	7	6	46%	35%
<b>Good</b>	6	4	40%	24%
<b>Requires Improvement</b>	1	1	7%	6%
<b>Special Measures</b>	1	6	7%	35%

### Key Stage 2 results

Overall Year 6 results continue to improve with a Trust-wide average of 52% of pupils reaching the expected standard in combined reading, writing and maths. The overall progress score was +0.2. For disadvantaged pupils this percentage reaching expected standard was lower at 43% and a progress score of 0.0, although there were some strong performances in individual schools.

The standout school in the Trust was Benjamin Adlard Primary School, which achieved a value-added score of 6.16 for all pupils with 6.25 for disadvantaged. This exceptional progress measure is reflected in Benjamin Adlard's most recent Ofsted inspection, which judged the school to be Good – just 19 months after being placed in Special Measures.

### Key Stage 4 results

Overall KS4 results, although below national averages, (Attainment 8 4.4 national 4.9) have improved on 2015 (5 A\* to C 2016 49% 2015 39%).

In terms of pupil progress, the value-added score for the Trust as a whole was -0.32.

### Pupil attendance

The attendance rates across the Trust for the year are as follows:

Phase	CST	National average
Primary	96%	96%
Secondary	97%	94%

## Financial Review

The majority of CST's income is derived from the Education Funding Agency (EFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Income and expenditure for the year includes capital income, depreciation and pension scheme adjustments which are accounting adjustments and not included when operational budgets are agreed with the Education Funding Agency (EFA). The surplus on the School Operating Fund excludes capital items, depreciation and pension scheme adjustments.

Total income for the year was £94.3 million and expenditure amounted to £105.1 million. After including the FRS102 adjustments of £10.4 million for the Local Government Pension Scheme and adjustments of £34.3 million for academies transferred out this resulted in a net outflow of funds for the year of £21.3 million. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Of the total income for the year, £63.2 million was obtained as EFA grants, with £2.0 million of income as government grants via local authorities. The £63.2 million received from the EFA was a combination of the general annual grant (GAG) of £53.8 million, pupil premium of £3.0 million, capital grants of

£4.6 million and other grants of £1.8 million. A further £26.2 million was obtained from local authorities for leasehold properties transferred in the year. There was a reduction in income of £1.5 million from the prior year; mainly due to a reduction in the capital grants obtained from the EFA.

Of the total expenditure for the year £34.3 million relates to academies that have transferred out of the Trust in the year. Almost all of the remaining expenditure (£69.9 million) relates to CST's educational activities. Of this expenditure £41.0 million was for teaching and educational support staff and £4.5 million other direct costs. A small amount, £0.2 million was for governance costs (see note 7). The remaining £24.2 million of costs covers support staff, maintenance, cleaning, catering, insurance and other occupancy and support costs.

CST has strengthened financial controls during the year and implemented three year financial plans across all schools to ensure that they strengthen their financial position whilst raising educational standards. There are four academies carrying deficits, the reasons and actions being taken are detailed in note 18. During the year the Trust has achieved a reduction in operating expenditure of £2.2 million through improved budgetary controls and procurement activity.

Total funds at 31 August 2016 are in surplus by £95.5 million, made up of a surplus of £94.3 million of restricted funds and £1.2 million of unrestricted general funds. The restricted funds comprise £110.0 million for the restricted fixed asset fund, a surplus of £0.05 million on the restricted schools operating funds and a pension reserve fund deficit of £15.7 million.

CST also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), these grants are shown in the Statement of Financial Activities as restricted income in the Fixed Assets Fund. The restricted Fixed Assets Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. This creates surpluses in the year when the grant is received and deficits in subsequent years until the assets are fully depreciated.

At 31 August 2015, the net book value of fixed assets was £126.3 million and movements in tangible fixed assets are shown in note 13 to the financial statements. There have been additions in the year of £31.2 million mainly due to leases which were granted in the year for three of the school's land and buildings totalling £26.2 million.

This is the first year that the financial statements have been prepared under FRS 102, as such the comparative figures have been restated to reflect transitional changes. There has been an increase in capital grants recognised of £1.0 million and an increase in the interest cost for the Local Government Pension Scheme of £0.4 million.

### **Reserves Policy**

CST has developed a risk-based approach to setting the level of reserves held. This approach uses a five-year financial plan that identifies what level of reserves CST as a whole requires over that period of time. This level will ensure that the schools and CST can operate efficiently and without interruption, to meet all obligations as they fall due. Added to this is a contingency for unforeseen emergencies. The model is continually developing but has confirmed that all schools should maintain a target level of reserves of two months of salary costs.

During the year CST has pooled the GAG received by schools so that a contingency reserve is held to support schools with financial challenges and / or to support school improvement. This financial support is seen as temporary and it is expected that any funds received is repaid to the contingency reserve within three years.

The operational reserves of CST are those funds that are retained from the core income of the schools. These funds exclude the Fixed Asset Fund and the Pension Reserve Fund (including the initial assets 'donated' when the schools transferred and subsequent depreciation or amortisation of these assets and any deficits in relation to FRS102 pension costs). CST plans to meet any contributions towards pension deficits from operational income received each year.

The free reserves of CST are those unrestricted reserves that are held in net current assets that have not been designated for a particular purpose and that are free of any encumbrances. On 31 August 2016, the School Operating Fund and the General Fund of CST amounted to one month of payroll costs.

#### ***Investment Policy***

CST's investment policy is that schools in CST pool any significant amounts of cash balances not required immediately and place them on fixed term deposit, for between six and 12 months, with a major UK bank.

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

CST has a formal risk management process in place to identify and assess all risks associated with the organisation; this enables the instigation of risk mitigation strategies. A Risk Register is in place which is subject to regular review. Key members of staff and Trustees are involved in the preparation of the Risk Register, overseen by the Audit Committee. The Risk Register identifies the types of risk CST might encounter and rates the risks in terms of likelihood and impact. This ensures that the most significant risks are highlighted, appropriate strategies to be implemented and the allocation of resources.

As the majority of the CST's funding is derived from the EFA, via the Department for Education, the Trustees consider this element of funding to be reasonably secure. The most significant risks relating to this income result from changing government policy on school funding, the effect of increasing contribution rates for stakeholder pensions and NI rebate deletion, and the effect of changing pupil numbers. The Trustees have laid out their strategies for dealing with these risks within CST's Risk Register.

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

The board of Trustees has reviewed the key risks to which CST is exposed together with the operating, financial and compliance controls that have been implemented to manage those risks. The board is of the view that a formal ongoing process for identifying, evaluating and managing CST's significant risks was being put in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board.

CST schools are also facing increasing financial pressures as the funding of schools becomes tighter. The revenue funding from the EFA, although protected by the Government, is not increasing in line with salary and pension costs. There is also continuing concern around the funding arrangements for capital works and the need to maintain and improve the fabric of the buildings that CST is responsible for.

#### ***Financial Instruments***

##### **Credit risk**

CST has a very low credit risk. All debts are monitored on a monthly basis and any for which payment is not received within 90 days are considered for legal action.

##### **Cash flow and liquidity**

CST has cash and other working capital balances. The main risk arising from CST's financial instruments is therefore liquidity risk and CST considers that other risks are low or non-existent risks and therefore not material to CST's financial position. CST has a pooled deposit account across all schools to enable management of this risk.

#### ***Equal Opportunities and Disabled Persons Policies (Equalities Policy)***

CST is committed to the principle of equal opportunities and seeks to ensure the working environment values the needs of all employees and students. It is the policy of CST to support the recruitment and retention of employees and students with disabilities by making resources available and through training and career development.

The Trustees believe that equality at the Trust should permeate all aspects of Trust life and is the responsibility of every member of the Trust and wider community. Every member of the Trust community should feel safe, secure, valued and of equal worth.

At CST, equality is a key principle for treating all people the same irrespective of their gender, ethnicity, disability, religious beliefs, sexual orientations, age or any other recognised area of discrimination.

**Employee Information Policy**

CST undertakes discussions with employees and their unions when making decisions that affect employee interests to ensure that employees' views are reflected in decisions made and their interests are protected.

**Going Concern**

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the 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.

**Funds held as Custodian Trustee on behalf of others**

Neither CST nor any of its Trustees act as a Custodian Trustee.

**Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the Trust'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.

Approved by order of the members of the governing body on 20 December 2016 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees

## Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 CfBT Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

## Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met seven times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Atterbury, George	1	1
Dawson, Heather	7	7
Hawker, David	6	7
Munby, Steve	7	7
Parkes, Duncan	6	7
Rawlinson, Peter	7	7
Tweeddale, Chris	7	7

Changes to the board in the financial year are detailed in the Reference and Administrative Details on page 2.

The Trust board has four committees; Finance, Audit, Education and Remuneration.

### Finance Committee

The purpose of the Finance Committee is to provide independent oversight of the financial performance of CST and of its individual schools. It works closely with the Audit Committee to ensure that their activities complement each other and ensure that CST can meet all aspects of financial compliance.

This Finance Committee provides an opportunity for detailed discussion and consideration of financial matters, with regular reporting to the full board of Trustees. It is given delegated authority for most financial decision-making, but the full board of Trustees as a whole remains accountable and must still remain actively engaged in financial matters. Matters discussed during the year to 31 August 2016 include:

- Full review of finance policies;
- Agreement of financial regulations and Scheme of Delegation;
- Regular review of the current financial position;
- Review of long term (3-5 years) financial position;
- Review of capital grants received in year for the improvement of the estate;
- Review of procurement practices and value for money; and
- Consideration of the schools' assets and fulfilment of the Trusts charitable obligations to maximise the benefit of those assets with regard to asset disposal and reinvestment.

Attendance at Finance Committee meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Atterbury, George	1	1
Hawker, David	4	4
Rawlinson, Peter	4	4
Tweeddale, Chris	3	4

#### **Audit Committee**

The purpose of the Audit Committee is to:

- Support the board in its responsibilities for issues of risk control and governance. It reviews the comprehensiveness, reliability and integrity of assurances in meeting the board and Accounting Officer's assurance needs; and
- Have an independent oversight of CST's systems of internal control, financial reporting, risk management and compliance, including monitoring of the quality and effectiveness of both external and internal auditors.

Matters discussed during the year to 31 August 2016 include:

- Recommend the appointment of both internal and external auditors;
- Commission and receive reports on the internal control framework;
- Oversight of the management of risk across CST;
- Oversight of the year end process and receive reports from the appointed external auditors; and
- Receive and recommend the adoption or rejection of the financial statements to the Board of Trustees.

Attendance at Audit Committee meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Dawson, Heather	3	4
Munby, Steve	4	4
Parkes, Duncan	4	4

#### **Education Committee**

The purpose of the Education Committee is to provide an independent oversight of the educational performance of CST and of the individual schools in CST. Membership includes two co-opted headteachers from CST schools, one from a secondary school and one from a primary school. Matters discussed during the year to 31 August 2016 include:

- Scrutiny of attainment data, actual from the summer 2015 and projections for the summer 2016;
- Reports from Ofsted inspections of schools and CST;
- Reports on the progress of disadvantaged groups of pupils;
- Reports on school improvement activity in schools; and
- Reports on safeguarding.

Attendance at Education Committee meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Croft, Sue (co-opted headteacher)	4	4
Dawson, Heather	4	4
Hawker, David	4	4
Munby, Steve	2	4
Murfin, Mel (co-opted headteacher)	3	4
Parkes, Duncan	4	4

### Remuneration Committee

The purpose of the Remuneration Committee is to approve the remuneration and benefits for the head teachers and the Executive and oversee the consistency of outcomes from the performance management process for head teachers and the remuneration strategy for all employees in CST. Matters discussed during the year to 31 August 2016 include:

- Terms of Reference for the Committee;
- A review of Headteacher pay.

Attendance at Remuneration Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dawson, Heather	2	2
Hawker, David	2	2
Rawlinson, Peter	1	2

### Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- In depth analysis of the efficiency of curriculum management at secondary schools;
- Improved processes and support in tendering and procurement practices;
- Introduction of a central contracts register to provide greater oversight of procurement at a local level; and
- Negotiation of a Trust-wide energy contract.

### 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 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 CST for the year ended 31 August 2016 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 CST 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 CST's significant risks that have been in place for the year ended 31 August 2016 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

CST'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 local governing body of the respective academy and the board of Trustees;
- Regular reviews by the Finance Committee 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 of Trustees has considered the need for a specific internal audit function and has decided to appoint the accountancy firm RSM UK to perform an internal audit function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on CST's financial systems. In particular, the checks carried out in the current period include:

- Testing of payroll systems;
- Testing of purchase systems; and
- Testing of control/bank reconciliations.

A schedule of work to be delivered by RSM is agreed annually by the Audit Committee. This schedule includes reviews of individual schools, the central function and cross-Trust functions. On a quarterly basis, RSM reports to the board of Trustees, through the Audit Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. Areas of weakness identified require remedial actions that are monitored by the Audit Committee and confirmed as initiated at a subsequent follow up review by RSM. No material control weaknesses exist.

### **Review of Effectiveness**

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

- The work of the internal auditor;
- The work of the external auditor;
- The financial management and governance self-assessment process by local governing bodies; and
- The work of the executive within CST who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee 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 20 December 2016 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees



**Sheila McKenzie**  
Accounting Officer

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

I confirm that I and the CST board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under CST'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 the EFA.

Approved on 20 December 2016 and signed by:



**Sheila McKenzie**  
Accounting Officer

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. 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 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 20 December 2016 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees

We have audited the financial statements of CfBT Schools Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standard applicable within the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

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

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

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

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

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

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



**Colin Wright (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young LLP, Statutory Auditor**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

*20 December 2016*

UHY Hacker Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# **Independent Reporting Accountant's Assurance Report on Regularity to the Board of Trustees of CfBT Schools Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 14 July 2016 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CfBT Schools Trust during the year to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to CfBT Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to CfBT Schools Trust and the EFA those matters we are required to state to it 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 CfBT Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of the CfBT Schools Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of CfBT Schools Trusts funding agreement with the Secretary of State for Education dated 7 June 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2016 have not been applied to purposes intended by Parliament or that financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016, issued by the EFA. We performed a limited assurance engagement, as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the Trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement; and

**Independent Reporting Accountant's Assurance  
Report on Regularity to the Board of Trustees of CfBT  
Schools Trust and the Education Funding Agency**

- Formal representations have obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

**Conclusion**

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

*UHY Hacker Young*

**UHY Hacker Young  
Reporting Accountant**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

*20 December 2016*

**Statement of financial activities for the year ended 31  
August 2016 (including income and expenditure account)**

		Unrestricted fund	Restricted funds		2016	2015
	Notes	£'000	General funds £'000	Fixed asset fund £'000	Total £'000	Total £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	113	-	30,781	30,894	8,660
Assets transferred on conversion into Trust 2		-	-	-	-	23,880
<i>Charitable activities</i>						
Funding for educational operations	3	871	61,180	-	62,051	61,945
Other trading activities	4	1,087	212	-	1,299	1,238
Investments	5	16	-	-	16	18
<b>Total income and endowments</b>		<b>2,087</b>	<b>61,392</b>	<b>30,781</b>	<b>94,260</b>	<b>95,741</b>
<b>Expenditure on</b>						
Raising funds	6	742	107	-	849	795
<i>Charitable activities:</i>						
Educational operations	7	866	63,039	6,004	69,909	72,166
Academy assets transferred out of the Trust	19	196	(8,855)	43,001	34,342	7,993
<b>Total expenditure</b>	<b>6</b>	<b>1,804</b>	<b>54,291</b>	<b>49,005</b>	<b>105,100</b>	<b>80,954</b>
<b>Net income/ (expenditure) for the year</b>		<b>283</b>	<b>7,101</b>	<b>(18,224)</b>	<b>(10,840)</b>	<b>14,787</b>
<b>Transfers between funds</b>		<b>(702)</b>	<b>324</b>	<b>378</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	28	-	(10,422)	-	(10,422)	117
<b>Net movement in funds</b>		<b>(419)</b>	<b>(2,997)</b>	<b>(17,846)</b>	<b>(21,262)</b>	<b>14,904</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 31 August 2015		1,612	(12,676)	127,808	116,744	101,840
<b>Total funds carried forward at 31 August 2016</b>		<b>1,193</b>	<b>(15,673)</b>	<b>109,962</b>	<b>95,482</b>	<b>116,744</b>
		=====	=====	=====	=====	=====

All of the Trust's activities derive from continuing operations during the financial period.



**Statement of financial activities for the year ended 31 August 2016 (including income and expenditure account)**

**Comparative year information  
Year ended 31 August 2015**

	Notes	Unrestricted fund £'000	Restricted funds General funds £'000	Fixed asset fund £'000	2015 Total £'000
<b>Income and endowments from:</b>					
Donations and capital grants	2	120	-	8,540	8,660
Assets transferred on conversion into Trust	2	477	(551)	23,954	23,880
<i>Charitable activities</i>					
Funding for educational operations	3	954	60,991	-	61,945
Other trading activities	4	1,151	87	-	1,238
Investments	5	18	-	-	18
<b>Total income and endowments</b>		<b>2,720</b>	<b>60,527</b>	<b>32,494</b>	<b>95,741</b>
<b>Expenditure on:</b>					
Raising funds	6	793	2	-	795
<i>Charitable activities:</i>					
Educational operations	7	954	65,573	5,639	72,166
Academy assets transferred out of the Trust	7	140	184	7,669	7,993
<b>Total expenditure</b>	<b>6</b>	<b>1,887</b>	<b>65,759</b>	<b>13,308</b>	<b>80,954</b>
<b>Net income/(expenditure) for the year</b>		<b>833</b>	<b>(5,232)</b>	<b>19,186</b>	<b>14,787</b>
<b>Transfers between funds</b>		<b>(552)</b>	<b>(543)</b>	<b>1,095</b>	<b>-</b>
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	28	-	117	-	117
<b>Net movement in funds</b>		<b>281</b>	<b>(5,658)</b>	<b>20,281</b>	<b>14,904</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 31 August 2014	31	1,331	(7,018)	107,527	101,840
<b>Total funds carried forward at 31 August 2015</b>		<b>1,612</b>	<b>(12,676)</b>	<b>127,808</b>	<b>116,744</b>
		=====	=====	=====	=====

	Notes	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	13	108,572	126,290
<b>Current assets</b>			
Stock	14	-	70
Debtors	16	2,139	6,020
Cash in hand and at bank		7,143	8,757
		9,282	14,847
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(5,704)	(7,924)
<b>Net current assets</b>		3,578	6,923
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	17	(940)	(1,040)
<b>Net assets excluding pension liability</b>		111,210	132,173
Defined benefit pension scheme liability	28	(15,728)	(15,429)
<b>Net assets including pension liability</b>		95,482	116,744
<b>The funds of the Trust:</b>			
<b>Restricted funds</b>			
Fixed asset funds	18	109,962	127,808
Restricted income funds	18	55	2,753
Pension reserve	18	(15,728)	(15,429)
<b>Total restricted funds</b>		94,289	115,132
<b>Unrestricted funds</b>			
General fund	18	1,193	1,612
<b>Total funds</b>		95,482	116,744

The financial statements on pages 23 to 51 were approved by the Board of Trustees, and authorised for issue on 20 December 2016 and are signed on their behalf by:



**Heather Dawson**  
Chair of Trustees



**Sheila McKenzie**  
Accounting Officer

Company registration no: 07468210

**Cash Flow Statement for the  
year ended 31 August 2016**

**CfBT**

**Schools Trust**

	<b>Notes</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Cash flows used in operating activities</b>			
Net cash used in operating activities	23	(1,242)	(2,859)
		<hr/>	<hr/>
<b>Cash flows used in investing activities</b>			
Dividends, interest and rents from investments		16	18
Capital grants from DfE and EFA	2	4,606	6,877
Payments to acquire tangible fixed assets	13	(4,989)	(8,116)
		<hr/>	<hr/>
		(367)	(1,221)
<b>Cash flows used in financing activities</b>			
Repayment of borrowings	24	(5)	(5)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(1,614)	(4,085)
Cash and cash equivalents at 1 September 2015		8,757	12,842
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 August 2016</b>	26	7,143	8,757
		=====	=====

## **1. Statement of accounting policies**

### **Company Information**

CfBT Schools Trust is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is Highbridge House, 16-18 Duke Street, Reading, Berkshire, RG1 4RU.

### **Basis of preparation**

The financial statements of the 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

CfBT Schools Trust meets the definition of a public benefit entity under FRS 102.

These financial statements for the year ended 31 August 2016 are the first financial statements prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period have been affected by the transition to FRS 102 and details of the transition adjustments are set out in note 32.

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.

### **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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

### **Transfer of schools out of the Trust**

During the year, the City of Ely Community College, Danum Aacademy and Sir John Gleed Academy left the Trust and all operations, assets and liabilities were transferred from CfBT Schools Trust to their new academy trust for £NIL consideration.

The substance of the transfers is that of a gift and have been accounted for on that basis as set out below. The assets and liabilities transferred out of the Trust have been valued at their carrying values on the dates of transfer. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 19.

### **Income**

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

### **Grants receivable**

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

creditor as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

#### ***Donations***

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

#### ***Other income***

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

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

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'.

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 CST's accounting policies.

On becoming an academy, the land and property of the predecessor school was transferred to the academy for nil consideration. The valuation of the land and buildings as at the date of conversion was prepared by Lambert, Smith Hampton on a depreciated replacement cost basis.

#### **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 CST 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 CST's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

Assets costing £1,000 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 or donated market value 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 such assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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 lives, as follows:

Freehold buildings	3%
Long Leasehold buildings	3%
Computer equipment	33%
Fixtures and fittings	20%
Motor vehicles	25%

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

### **Impairment of fixed assets**

At each reporting period end date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

### **Financial instruments**

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's statement of financial position when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Trust transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

**Provisions**

Provisions are recognised when the 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 straight line basis over the lease term.

### **Stock**

Immaterial stocks of uniforms and catering supplies are expensed during the year as purchased. Any material unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

The 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 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.

### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **Pension benefits**

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 28, 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 are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 benefit 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 Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

### **Critical accounting estimates and areas of judgement**

Accounting 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.

#### ***Critical accounting estimates and assumptions***

The 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.

#### **Pension Liability**

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

#### **Depreciation**

The Trustees estimate the useful economic lives and residual values of Buildings, Building Improvements, Computer Equipment, Furniture and Fittings and Motor Vehicles in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Statement of Financial Activities and the Balance Sheet.

The Trustees have reviewed the carrying values of the Trust's Buildings, Building Improvements, Computer Equipment, Furniture and Equipment and Motor Vehicles.

#### ***Critical areas of judgement***

The Trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

## 2. Donations and capital grants

	Unrestricted fund £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	4,606	4,606	8,540
Leased assets transferred in year	-	26,175	26,175	-
Assets transferred on conversion into Trust	-	-	-	23,880
Other donations	113	-	113	120
	<u>113</u>	<u>30,781</u>	<u>30,894</u>	<u>32,540</u>
	=====	=====	=====	=====

## 3. Funding for the Trust's educational operations

	Unrestricted fund £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
- General Annual Grant (GAG)	-	53,799	53,799	52,756
- Start up grants	-	164	164	312
- Other DfE / EFA grants	-	4,661	4,661	4,663
	<u>-</u>	<u>58,624</u>	<u>58,624</u>	<u>57,731</u>
<b>Other Government grants</b>				
- Local authority grants	-	2,113	2,113	2,430
	<u>-</u>	<u>60,736</u>	<u>60,736</u>	<u>60,161</u>
<b>Other funds</b>				
- Other income from the Trust's educational operations	871	444	1,315	1,784
	<u>871</u>	<u>61,180</u>	<u>62,051</u>	<u>61,945</u>
	=====	=====	=====	=====
<b>Total funding</b>	<b>871</b>	<b>61,180</b>	<b>62,051</b>	<b>61,945</b>

## 4. Other trading activities

	Unrestricted fund £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	267	-	267	284
Trip income	589	-	589	678
Sale of school uniform	65	-	65	65
Consultancy	-	212	212	97
Other income	165	-	165	114
	<u>1,087</u>	<u>212</u>	<u>1,299</u>	<u>1,238</u>
	=====	=====	=====	=====

## 5. Investment income

	Unrestricted fund £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Bank interest receivable	6	-	6	18
Short term deposits	10	-	10	-
	<u>16</u>	<u>-</u>	<u>16</u>	<u>18</u>
	=====	=====	=====	=====

## 6. Expenditure

	Non pay expenditure			Total 2016 £'000	Total 2015 £'000
	Staff costs £'000 (note 8)	Premises £'000	Other costs £'000		
Academies' educational operations (note 7)					
- direct costs	41,003	-	4,547	45,550	46,901
- allocated support costs	9,732	3,328	45,641	58,701	33,258
	<u>50,735</u>	<u>3,328</u>	<u>50,188</u>	<u>104,251</u>	<u>80,159</u>
	=====	=====	=====	=====	=====
Expenditure on raising funds	-	-	849	849	795
	<u>50,735</u>	<u>3,328</u>	<u>51,037</u>	<u>105,100</u>	<u>80,954</u>
	=====	=====	=====	=====	=====

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

	2016 £'000	2015 £'000
Operating lease rentals	229	249
Fees paid to auditor for: - audit services	36	68
- other services	9	11
Depreciation of tangible fixed assets	5,880	5,181
	=====	=====

Included in expenditure are unrecoverable debts of £8,578, there were no individual items above £5000.  
Post year end there was a cash loss of £400.

## 1. Charitable activities

	2016 £'000	2015 £'000
Direct costs – educational operations	45,550	46,901
Support costs – educational operations	58,701	33,258
	<u>104,251</u>	<u>80,159</u>
	=====	=====

## 7. Charitable activities (continued)

	2016 £'000	2015 £'000
<b>Analysis of support costs</b>		
Support staff costs	8,682	8,980
Depreciation (fixed asset restricted fund)	5,929	5,181
Technology costs	953	1,183
Premises costs	3,328	3,867
Other support costs	5,272	5,853
Governance costs	195	200
Academy assets transferred out of the Trust	34,342	7,994
	<hr/>	<hr/>
Total support costs	58,701 =====	33,258 =====

## 8. Staff costs

Staff costs during the year were:	2016 £'000	2015 £'000
Wages and salaries	37,689	39,527
Social security costs	3,065	2,765
Pension costs	7,246	6,527
	<hr/>	<hr/>
	48,000	48,819
Supply teacher costs	2,575	2,537
Staff restructuring costs (see below)	160	692
	<hr/>	<hr/>
	50,735 =====	52,048 =====
Staff restructuring costs comprise:		
- Redundancy payments	75	169
- Severance payments	78	523
- Other restructuring costs	7	-
	<hr/>	<hr/>
	160 =====	692 =====

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,203 (2015: £170,745). Individually, the payments were: £3,948, £3,695, £3,056, £2,623, £1,241, £466 and £175.

The average number of persons (including senior management team) employed by the Trust during the year was as follows:

	Number		FTE	
	2016	2015	2016	2015
Teachers	972	1,035	806	868
Administration and support	644	709	389	428
Management	71	49	71	49
<b>Total</b>	<b>1,687</b>	<b>1,793</b>	<b>1,266</b>	<b>1,345</b>

## **8. Staff costs (continued)**

The number of employees whose emoluments fell within the following bands was:

	2016 Number	2015 Number
£ 60,001 - £ 70,000	15	17
£ 70,001 - £ 80,000	12	11
£ 80,001 - £ 90,000	4	4
£ 90,001 - £100,000	4	4
£100,001 - £110,000	3	3
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
	=====	=====

All of the above employees participated in the Teachers' Pension Scheme, Local Government Pension Scheme or the sponsor's Defined Contribution Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £435,880 (2015: £493,165).

## **9. Central services**

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

- school improvement
- financial
- property management
- procurement
- legal
- governance
- safe guarding
- data analysis
- communications
- others as arising

CST charges for these services on the basis of a % of relevant income\* based on the school's Ofsted Grade at the point on entering the Trust and thereafter from the Ofsted Grade at the beginning of each academic year. This fee is not altered during the year even if the Ofsted grade changes.

The % breakdown is as follows:

Outstanding and good academy - 3%

Requires improvement / satisfactory academy - 4%

Special measures - 5%

### **\*Relevant income against which the Membership Fee is charged:**

Relevant income is regarded as that which is detailed in the EFA final funding allocation letter which is issued in March/April of the preceding academic year. This includes all revenue due to the academy that is automatically awarded to the school as a result of its status or cohort or teaching mix;

Income for these purposes would include all school income except for: Capital Grant Income, Pupil Premium Funding, income generated from academy bidding activity and income generated locally (lettings, catering, uniform sales, sponsorship, donations etc).

## 9. Central services (continued)

The actual amounts charged during the year were as follows:

	2016 £'000	2015 £'000
Abacus Belsize Primary School	19	16
All Saints Junior School	15	16
Abbey Woods Academy	43	46
Benjamin Adlard Primary School	43	32
Boston West Academy	40	39
Danum Academy	396	415
The Deepings School	207	140
City of Ely Community College	251	173
Gladstone Park Primary School	90	148
Grampian Primary Academy	29	28
Judith Kerr Primary School	34	45
Lincoln Carlton Academy	21	15
Mount Street Infant Academy	31	30
Meadow Park Academy	65	62
Oakbank School	58	60
Oxford Spires Academy	129	119
Queensbury Academy	121	95
Stamford Queen Eleanor	-	8
St Mark's Academy	155	143
Sir John Gleed School	346	385
	<hr/>	<hr/>
	2,091	2,015
	=====	=====

## 10. Key management personnel

The key management personnel of CST comprise the trustees and senior management team. This changed during the year with the implementation of FRS102, the current key management personnel are listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £322,679 (2015: £294,499).

## 11. Trustees' remuneration and expenses

No Trustees or persons connected with them received any remuneration during the year for services as a trustee. The Chief Executive received remuneration as an employee of Educational Development Trust seconded to CST. The charge to CST is at cost, as detailed in note 29, and the value of his remuneration charged to CST was as follows:

Chris Tweedale (Chief Executive)	
Remuneration	£105,000-£110,000 (2015: £90,000-£95,000)
Employer pension contributions	£10,000-£15,000 (2015: £5,000-£10,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £2,720 (2015: £3,591) were reimbursed to 5 (2015: 9) Trustees.

## 12. Trustees' and Officers' insurance

The 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 Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officer's indemnity element from the overall cost of the RPA scheme.

### 13. Tangible fixed assets

	Freehold Land and Buildings £'000	Long Leasehold Land and Buildings £'000	Computer Equipment £'000	Furniture & Fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2015	80,647	52,563	4,349	3,402	113	141,074
Additions	577	29,449	485	639	14	31,164
Reclassification	(13,657)	13,657	-	-	-	-
Disposals	-	-	(10)	-	(18)	(28)
Transfers out of the Trust	(47,370)	-	(1,113)	(1,476)	(72)	(50,031)
At 31 August 2016	20,197	95,669	3,711	2,565	37	122,179
<b>Depreciation</b>						
At 1 September 2015	6,069	3,948	2,982	1,695	90	14,784
Charge in year	2,040	2,583	774	476	7	5,880
Reclassification	(849)	851	(1)	(4)	3	-
Disposals	-	-	(10)	-	(18)	(28)
Transfers out of the Trust	(5,400)	-	(916)	(662)	(51)	(7,029)
At 31 August 2016	1,860	7,382	2,829	1,505	31	13,607
<b>Net book values</b>						
At 31 August 2016	18,337	88,287	882	1,060	6	108,572
	=====	=====	=====	=====	=====	=====
At 31 August 2015	74,578	48,615	1,367	1,707	23	126,290
	=====	=====	=====	=====	=====	=====

The Trust's transactions relating to land and buildings included the granting of a leasehold on Boston West Primary, Lincoln Carlton Primary and Oxford Spires Academy for £26,175,000 over a term of 125 years. These have been treated as non-cash additions in the year and depreciated according to the Trust's depreciation policy.

There were leasehold additions of £567k in the year for The Deepings. The property is held as tenancy at will and it is expected that the lease will be signed in the near future. Therefore, the assets have been treated as leasehold according to substance and depreciated according to the Trust's depreciation policy.

### 14. Stock

	2016 £'000	2015 £'000
Clothing	-	70
	=====	=====

## 15. Financial Instruments

	2016 £'000	2015 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	8,733 =====	10,560 =====
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,140 =====	4,445 =====

The Trustees have considered the Trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Trust's risk register and monitored throughout the year. The Trustees do not consider the Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.

## 16. Debtors

	2016 £'000	2015 £'000
Trade debtors	159	582
VAT recoverable	270	1,730
Other debtors	17	1,239
Prepayments and accrued income	1,693	2,469
	<hr/>	<hr/>
	2,139 =====	6,020 =====

## 17. Creditors

<b>Amounts falling due within one year</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Trade creditors	1,444	2,939
Other taxation and social security	689	764
EFA Creditor: Abatement of GAG	324	44
Accruals and deferred income (see below)	1,068	2,176
Overdrafts and loans	-	5
Other creditors	2,179	1,996
	<hr/>	<hr/>
	5,704 =====	7,924 =====
<b>Creditors: amounts falling due after one year</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Overdrafts and loans	-	100
Accruals and deferred income (see below)	750	650
Other creditors	190	290
	<hr/>	<hr/>
	940 =====	1,040 =====



## 17. Creditors (continued)

Creditors: deferred income	2016 £'000	2015 £'000
Deferred income at 1 September	1,319	332
Income deferred in the year	472	1,319
Amounts released from previous years	(669)	(332)
Deferred income at 31 August 2016 included in accruals and deferred income above	1,122	1,319
	=====	=====

At the balance sheet date the Trust was holding funds of £750k from the EFA for growth funding, £273k for universal infant free school meal funding and £149k for various other EFA grants in deferred income. In addition, £118k is held for funds received in advance for academy trips and catering. These funds are included with the other creditors balance.

## 18. Funds

	Balance at 31 August 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(1,221)	53,798	(57,296)	324	(4,395)
Other DfE/EFA grants	74	1,826	(1,900)	-	-
Other government grants	-	2,113	(2,113)	-	-
Pupil Premium grants	-	2,999	(2,999)	-	-
Activities generating funds	3900	656	(106)	-	4,450
Pension reserve (note 28)	(15,429)	-	10,123	(10,422)	(15,728)
	=====	=====	=====	=====	=====
Total restricted general funds	(12,676)	61,392	(54,291)	(10,098)	(15,673)
	=====	=====	=====	=====	=====
<b>Restricted fixed asset funds</b>					
Acquired on conversion	76,542	26,175	(3,020)	-	99,697
DfE/EFA capital grants	51,266	4,606	(45,985)	378	10,265
	=====	=====	=====	=====	=====
Total restricted fixed asset funds	127,808	30,781	(49,005)	378	109,962
	=====	=====	=====	=====	=====
<b>Total restricted funds</b>	115,132	92,173	(103,296)	702	94,289
	=====	=====	=====	=====	=====
<b>Unrestricted fund</b>					
Unrestricted fund	1,612	2,087	(1,804)	(702)	1,193
	=====	=====	=====	=====	=====
<b>Total funds</b>	116,744	94,260	(105,100)	(10,422)	95,482
	=====	=====	=====	=====	=====

## **18. Funds – Group (continued)**

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

### **General Annual Grant**

The General Annual Grant must be used for the normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

### **Other DfE/EFA and government grants**

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

### **Fixed asset fund**

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

### **Pension reserve**

The pension reserve is the element of the local government pension fund liability attributable to the Trust (see note 28).

### **Transfer between funds**

A transfer from unrestricted funds to the restricted fixed asset fund was necessary to fund capital expenditure carried out during the year. A transfer between restricted and unrestricted was necessary to reflect the funding of activities in the year.

## 18. Funds – Group (continued)

### Total funds analysis by academy

Fund balances at 31 August 2016 were allocated as follows:

	2016 £'000	2015 £'000
Abacus Belsize Primary School	95	74
All Saints Junior School	121	102
Abbey Woods Academy	(12)	34
Benjamin Adlard Primary School	-	-
Boston West Academy	389	342
Danum Academy *	-	(176)
The Deepings School	-	250
City of Ely Community College *	-	(787)
Gladstone Park Primary School	-	155
Grampian Primary Academy	-	10
Judith Kerr Primary School	(326)	(132)
Lincoln Carlton Academy	-	6
Mount Street Infant Academy	-	16
Meadow Park Academy	(84)	(36)
Oakbank School	(840)	(609)
Oxford Spires Academy	-	127
Queensbury Academy	(1,747)	(1,507)
St Mark's Academy	677	2,456
Sir John Gleed School *	-	394
Central services	185	(26)
CST Central Reserve	2,790	3,672
	<hr/>	<hr/>
Total funds before fixed assets and pension reserve funds	1,248	4,365
Restricted fixed asset fund	109,962	127,808
Pension reserve	(15,728)	(15,429)
	<hr/>	<hr/>
Total	95,482 =====	116,744 =====

The following academies are carrying deficits, each of these schools has a three-year financial plan in place to return the school to surplus whilst maintaining educational standards. The reasons are as follows:

**Abbey Woods Academy:** The school had a small deficit as at 31 August 2016 as a result of additional resources to improve the educational outcomes at the school.

**Judith Kerr Primary:** The school incurred high staffing costs during the year due to interim leadership arrangements and historical commitments. A substantive Head of School has now been appointed.

**Meadow Park Academy:** The school has incurred unexpected costs this year due to a change in leadership and have invested in teaching and learning which has resulted in the school moving out of special measures to a requires improvement Ofsted judgement.

**Oakbank School:** The school invested additional resources in teaching and learning during the year which enabled them to achieve a good Ofsted judgement. The school has a historic deficit and has been affected by diseconomies from low pupil numbers which have improved with the good Ofsted.

\* Academies transferred out of the Trust (included for comparative)

## 18. Funds – Group (continued)

### Total funds analysis by academy (continued)

**Queensbury Academy:** The academy has had Government approval to undertake an age range change. The Trust continues to work in conjunction with the EFA to support the academy and their funding needs during this period of transition. As part of this the Trust put in place a 10-year plan which the school is successfully following. It is planned that they will begin to repay the deficit in 2017/18.

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs * (Excluding Depreciation) £'000	Total 2016 £'000	Total 2015 £'000
Abacus Belsize Primary School	452	98	10	394	953	551
All Saints Junior School	372	71	7	137	587	567
Abbey Woods Academy	711	161	21	239	1,132	1,208
Benjamin Adlard Primary School	696	203	19	143	1,061	1,173
Boston West Academy	1,036	206	30	227	1,499	1,316
Danum Academy	5,661	1,168	37	1,314	8,180	10,666
The Deepings School	5,428	1,233	138	1,208	8,008	7,772
City of Ely Community College	3,723	1,244	56	973	5,996	7,187
Gladstone Park Primary School	2,447	608	13	489	3,557	3,586
Grampian Primary Academy	779	192	16	243	1,230	1,269
Judith Kerr Primary School	906	205	25	245	1,380	1,160
Lincoln Carlton Academy	513	104	28	254	899	722
Mount Street Infant Academy	1,177	443	26	167	1,812	1,538
Meadow Park Academy	1,058	275	24	270	1,627	1,595
Oakbank School	1,371	305	35	486	2,197	2,134
Oxford Spires Academy	3,374	867	56	919	5,216	5,078
Queensbury Academy	3,174	599	69	776	4,619	4,514
Sir John Gleed School	4,488	1,315	50	1,733	7,586	8,296
Stamford Queen Eleanor	-	-	-	-	-	529
St Mark's Academy	3,620	758	61	1,180	5,619	4,598
Central services	17	1,070	-	509	1,596	1,771
	<u>41,003</u> =====	<u>11,124</u> =====	<u>722</u> =====	<u>11,906</u> =====	<u>64,754</u> =====	<u>67,230</u> =====

\* Excluding depreciation (£5,880k), capital grant funded expenditure (£125k) and assets transferred out (£34,342k).

## 19. Academies transferring out of the Trust

On the 30 June 2016 City of Ely Community College transferred out of CfBT Schools Trust to Cambridge Meridian Academies Trust (CMAT).

On 31 August 2016 CfBT Schools Trust entered into Transfer Agreements for the transfer of Danum Academy and Sir John Gleed out of the trust. Danum Academy transferred to Outward Grange Academies Trust (OGAT) and Sir John Gleed transferred to South Lincolnshire Academies Trust (SLAT). The date of the transfers is 1 September 2016 but as the Transfer Agreements were dated 31 August 2016, being the end of the financial year and the effective date, the two transfers have been presented in these financial statements in accordance with their substance (i.e. transfers as at the year-end) in order to ensure that the financial statements and the financial position at the year-end are reliably presented. The net assets of Danum Academy and Sir John Gleed have therefore been accounted for as a transfer at the year end with the two schools' net assets not included in the year end trust balance sheet and with a corresponding loss on transfer being recognised in the Expenditure section of the Statement of Financial Position for 2015/16.

The following table sets out the fair values of the identifiable assets and liabilities transferred out and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted fund	Restricted fund	Restricted fixed asset fund	Total funds
	£'000	£'000	£'000	£'000
Tangible fixed assets				
- Freehold / leasehold land and buildings	-	-	41,970	41,970
- Other tangible assets	-	-	1,031	1,031
Net current assets	196	2,318	-	2,514
LGPS pension (deficit)	-	(11,173)	-	(11,173)
	<u>196</u>	<u>(11,173)</u>	<u>-</u>	<u>(11,173)</u>
	=====	=====	=====	=====

## 20. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total funds 2016	Total funds 2015
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	108,572	108,572	126,290
Current assets	1,193	6,699	1,390	9,282	14,847
Current liabilities	-	(6,644)	-	(6,644)	(8,964)
Pension scheme liability	-	(15,728)	-	(15,728)	(15,429)
	<u>1,193</u>	<u>(15,728)</u>	<u>108,572</u>	<u>92,937</u>	<u>116,744</u>
	=====	=====	=====	=====	=====

## 21. Capital commitments

	Freehold land & buildings 2016 £'000	Freehold land & buildings 2015 £'000
Contracted for, but not provided in the financial statements	- =====	1,400 =====

## 22. Financial commitments

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £'000	2015 £'000
Due within one year	268	240
Due in one to five years	384	472
Due after five years	129 =====	150 =====

## 23. Reconciliation of net (loss)/income to net cash used in operating activities

	2016 £'000	2015 £'000
Net (loss)/income for the year	(21,262)	15,200
Transfer of fixed assets on academies transferring out of Trust	43,002	(16,266)
Transfer of loan on academies transferring out of Trust	(105)	-
Transfer of pension liabilities on academies transferring out of Trust	(11,023)	958
Depreciation (note 7)	5,880	5,181
Disposal of tangible fixed assets	-	72
Capital grants from DfE and other capital income	(30,781)	(8,540)
Interest receivable (note 5)	(16)	(18)
Defined benefit pension scheme cost less contributions payable (note 28)	(474)	1,133
Defined benefit pension scheme finance cost (note 28)	11,796	(296)
Decrease in stocks	70	-
Decrease / (increase) in debtors	3,881	(2,601)
(Decrease) / increase in creditors	(2,210)	2,318
Net cash used in operating activities	(1,242) =====	(2,859) =====

## 24. Cash flows used in financing activities

	2016 £'000	2015 £'000
Repayments of borrowing	(5) =====	(5) =====
Net cash used in financing activities	(5) =====	(5) =====

## 25. Cash flows used in investing activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	16	18
Capital grants from DfE / EFA	4,606	6,877
Payments to acquire tangible fixed assets	(4,989)	(8,116)
	<hr/>	<hr/>
Net cash used in investing activities	(367)	(1,221)
	=====	=====

## 26. Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash in hand and at bank	6,539	7,042
Notice deposits (less than 3 months)	604	1,715
	<hr/>	<hr/>
	7,143	8,757
	=====	=====

## 27. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Trust 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 (2015: £10) for the debts and liabilities contracted before he/she ceases to be a member.

## 28. Pension and similar obligations

The Trust's employees belong to three 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 Bedfordshire, Brent, Cambridgeshire, Camden, Derbyshire, Lincolnshire, Merton, Oxfordshire, Reading, Southwark and South Yorkshire County Councils and the Prudential pension scheme. All are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2014.

There were £291,427 outstanding contributions at the end of the financial year (2015: £530,646).

### 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.

## 28. Pension and similar obligations (continued)

### 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 16.48% 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 pension costs paid to TPS in the period amounted to £4,026k (2015: £3,459k).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £2,720k (2015: £2,749k), of which employer's contributions totalled £2,137k (2015: £2,138k) and employees' contributions totalled £583k (2015: £611k). The agreed contribution rates for future years are between 13.3% and 30% for employers and averages between 5% and 6% for employees.

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

#### Total contributions made:

	2016 £'000	2015 £'000
Employer's contributions	2,137	2,138
Employees' contributions	583	611
	<hr/>	<hr/>
Total contributions	2,720 =====	2,749 =====



## 28. Pension and similar obligations (continued)

Principal Actuarial Assumptions:	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.7%	4.2%
Rate of increase for pensions	2.2%	2.6%
Discount rate for scheme liabilities	2.1%	3.8%
Inflation assumption (CPI)	2.2%	2.4%
Retail price index assumption (RPI)	3.1%	2.9%

The Trust entered into three-year agreements ended March 2017 to make contributions in addition to normal funding levels for the following schemes in deficit:

- Oxfordshire County Council Pension Fund
- London Borough of Merton Pension Fund
- Derbyshire County Council Pension Fund

Triennial valuations are being carried out to reassess the position; no agreements for additional contributions have been made.

The below table, as produced by AON Hewitt Ltd, Barnett Waddingham, Hymans Robertson and Mercer sets out the impact of a small change in the discount rates on the defined benefit obligations and projected service cost along with a plus/minus 1-year age rating adjustment to the mortality assumption.

	Approximate increase in employer's liability £'000
0.1% - 0.5% decrease in real discount rate	2,763
1-year increase in member life expectancy	954
0.5% increase in salary increase rate	928
0.5% increase in employer's liability	1,754

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 2016 (years)	At 31 August 2015 (years)
<b>Retiring today</b>		
Males	22.4	22.4
Females	25.1	24.9
<b>Retiring in 20 years</b>		
Males	24.7	24.8
Females	27.4	27.4

## 28. Pension and similar obligations (continued)

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equity instruments	12,555	15,935
Debt instruments	3,054	4,428
Property	1,521	2,299
Cash	280	417
	<hr/>	<hr/>
<b>Total market value of assets</b>	<b>17,410</b> =====	<b>23,079</b> =====

Actual return on scheme assets was £3,367 (2015: £581).

### Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	2,597	2,784
Net Interest Cost	590	2,130
	<hr/>	<hr/>
<b>Total operating charge</b>	<b>3,187</b> =====	<b>4,965</b> =====

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

	2016 £'000	2015 £'000
At 1 September	38,508	33,468
Current service cost	2,597	2,784
Interest cost	1,495	1,341
Employee contributions	583	611
Actuarial gain / (loss)	13,790	(324)
Benefits paid	(507)	(424)
Transfers	(23,328)	1,001
Settlements	-	51
	<hr/>	<hr/>
<b>At 31 August</b>	<b>33,138</b> =====	<b>38,508</b> =====

## 28. Pension and similar obligations (continued)

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

	2016 £'000	2015 £'000
At 1 September	23,088	20,139
Interest income	905	789
Return on plan assets (excluding net interest on the net defined pension liability)	3,368	(207)
Employer contributions	2,137	2,138
Employee contributions	583	611
Benefits paid	(507)	(425)
Transfers	(12,155)	43
	<hr/>	<hr/>
At 31 August	17,410	23,088
	=====	=====

## 29. Related party transactions

Owing to the nature of the Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The Trust purchases services from its sponsor Education Development Trust (formerly named CfBT Education Trust). All such services were purchased at cost only and amounted to £1,218,044 (2014/15 £1,188,791). Of this £1,091,837 (2014/15 £908,217) relates to the recharge of salaries and related costs for staff seconded from Education Development Trust to the Trust; £3,868 (2014/15 £29,080) relates to products and services purchased by Education Development Trust on behalf of the Trust and the remaining £122,339 (2014/15 £251,494) is for services provided by Education Development Trust staff to the Trust. At the 31 August 2016 the Trust owed Education Development Trust £131,165 (2014/15 £332,875), which is included in other creditors. This balance represents normal trading activity.

## 30. Events after the end of the reporting period

There are no significant subsequent events after the year end to report.

## 31. Prior Year Adjustments

The financial statements have been restated to recognise trips income and expenditure. These had previously been netted off on the balance sheet. The change did not impact on the net income/ expenditure for the year. Trips expenditure and learning materials stock for sale have also been reclassified as activities for generating sales rather than educational operations.

Reconciliation of net income/(expenditure):	31 August 2015 £'000
Adjustment to trips income	548
Adjustment to trips expenditure	(548)
	<hr/>
Net movement in funds reported	-
	=====

## 32. Transition to FRS 102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds:	Notes	1 September 2014 £'000	31 August 2015 £'000
Total funds under previous UK GAAP		101,840	115,690
Change in recognition of government grants	C	-	1,054
		<u>101,840</u>	<u>116,744</u>
Total funds reported under FRS 102		101,840	116,774
		=====	=====
Reconciliation of net income/(expenditure):	Notes	1 September 2014 £'000	31 August 2015 £'000
Net income/(expenditure) previously reported under UK GAAP		11,977	14,146
Change in recognition of government grants	C	-	1,054
		<u>11,977</u>	<u>14,787</u>
Net movement in funds reported under FRS 102		11,977	14,787
		=====	=====

**A – Recognition of outstanding employee benefits:** No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision has not been recognised at 1 September 2014, or at 31 August 2015.

**B – Change in LGPS interest cost:** Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £413k and increase the credit/debit in other recognised gains and losses in the Statement of Financial Activities by an equivalent amount.

**C – Change in recognition of government grants:** Under previous UK GAAP the Trust recognised grants on a receivable basis when receipt is certain and can be measured reliably. Multi-year grants were recognised over the periods in which they were allocated. Under FRS 102 the Trust recognises grants on a receivable basis when receipt is certain and can be measured reliably. Multi-year grants are deferred only where performance conditions have not been met. The effect of the change has been to recognise the multi-year government grants earlier. Unspent grant is recognised as an unspent current asset in the balance sheet. In the year ended 31 August 2015 the increase in the income recognised in the Statement of Financial Activities was £1,054.