

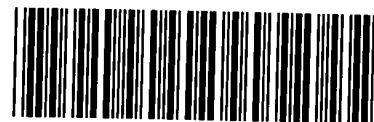
Registered company number: 07468210 (England and Wales)

# **CfBT Schools Trust**

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

**COMPANIES HOUSE COPY**

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

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## Reference and Administrative Details

### Members

Education Development Trust

Heather Dawson

Duncan Parkes

### Trustees

Heather Dawson (\*) (Chair)

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

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

Angela McFarlane (\*\*) (\*\*\*) (appointed 6 July 2017)

Steve Munby (\*\*) (\*\*\*) (resigned 4 August 2017)

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

Chris Tweedale (\*) (\*\*\*\*) (resigned 30 September 2016)

Philip Wood (\*\*\*)

\* Members of the Finance Committee

\*\* Members of the Education Committee

\*\*\* Members of the Audit Committee

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

### Company Secretary

Sheila McKenzie

### Accounting Officer

Chris Tweedale (resigned 30 September 2016)

Sheila McKenzie (appointed 1 October 2016,  
resigned 13 March 2017)

Andrew Yarrow (appointed 13 March 2017)

### Leadership team

Chief Executive

Andrew Yarrow

Finance Director

Sheila McKenzie

Regional Director, Primary East Midlands

Marie-Claire Bretherton

Regional Director, Primary London & Thames Valley

Karen Walker

Director of Secondary Academies

Colin Sinclair

### 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

## Trustees' Report

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 2017. 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 company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published September 2015 (FRS 102).

The Trust operates 11 primary and five secondary academies in the East Midlands, London and Thames Valley. In the school census on 5 October 2017, the Trust's academies have a combined pupil capacity of 8,947 (2016 - 8,807) and had a roll of 8,127 (2016 - 7,833).

Last year saw the successful transfer of three secondary schools to alternative academy sponsors that were closer geographically to them so that they could benefit from more intensive on-hand support appropriate to their stage of development. The net assets of these schools were not included in the balance sheet as at 31 August 2016, however their income and expenditure was reported in the Statement of Financial Activities for 2015/16. This is reflected in the comparative figures for the Statement of Financial Activities and Notes to the Financial Statements.

## 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. 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, of which three Trustees shall be independent in as much as they have no material or pecuniary relationship with the sponsor.

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, two Regional Directors and a Director of Secondary Academies with a central support team delivering 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. Their 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 providing scrutiny and challenge to annual plans and budgets for the school. The Chair of the Local Governing Body is nominated by the school, interviewed by the Chair of Trustees and Chief Executive, and appointed 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 862 (2016 – 1,266) full time equivalent 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 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 £0.84 million for 2016-17 (2015-16: £1.22 million). Of this total £0.78 million was for the salaries and related costs of staff employed by Education Development Trust and seconded to CST. The remaining £0.06 million related to services provided by Education Development Trust, including school improvement services. CST has a totally independent operational and governance structure and there is no impact on policies and procedures or operations from being connected parties with Education Development Trust.

## 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 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.

### *Objectives, Strategies and Activities*

To achieve our vision, CST has six strategic principles:

1. **A moral purpose and inclusive ethos** that promotes respect, enabling every child to thrive and realise their personal and academic potential, love the challenge of learning, develop resilience for their journey ahead and contribute to our communities as lifelong learners and global citizens.
2. **High standards of teaching, learning and assessment** that lead to high-quality outcomes for all pupils, regardless of background and prior attainment.
3. **Ambitious and uncompromising leadership** from Headteachers, 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, and recruitment and retention of outstanding professionals.
4. **Excellent, determined and supportive teachers and associate staff** who believe all children can behave well and achieve highly and who, together, create schools that are safe and happy places to learn and foster a climate of collaborative innovation, both in their school and across the region and Trust.
5. **Peer-to-peer and school-to-school support** that enables colleagues to share best practice, make best use of educational research findings and maximise their professional effectiveness.
6. **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* is in place that sets out actions required over the next academic year to deliver the six strategic principles described above.



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

The Trustees have approved the revised *Strategic Development Plan* for 2017-18 which identifies activities for the next year under three priority areas.

*Improving performance* –raising standards of teaching and pupil performance through further strengthening professional governance, ensuring pupil attendance above the national average and improving alignment of process to ensure maximum impact across all schools.

*Developing people* – investing in our staff through introducing a Trust-wide NPQH and NPQSL programme to strengthen leadership, establish conferences and professional learning networks for all staff to facilitate collaborative working and sharing best practice. Implementing a Trust-wide Recruitment and Retention strategy to ensure high-quality professionals work in and across schools.

*Strategic growth* – enabling internal and external growth to facilitate school improvement through school-to-school support.

### ***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.

### ***Benefit and Beneficiaries***

In accordance with its charitable objectives, CfBT Schools Trust strives to advance the education of the pupils attending the Academies that operate through the Academy Trust. The Academy Trust's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout all the Academy Trust's academies.

### ***Directors' Assessment of Public Benefit***

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## **Strategic report**

### **Achievements, Performance and Key Performance Indicators**

With the Chief Executive Officer's appointment in March 2017, the implementation of a new regional leadership structure has been embedded and enabled the sharing of best practice and accountability across the Trust. This strengthening of professional governance, providing challenge and support to the individual academies, has clarified lines of accountability and been instrumental in the improvement of standards across all schools. At the end of the year no school in the Trust was in an Ofsted category of concern.

Preparations for future growth have continued, laying foundations and ensuring capacity within the Trust to add more schools whilst continuing to drive up standards. We will only add schools to the Trust when we are confident that to do so will support more rapid school improvement in existing schools as well as new ones.

An impact review of the Subject Specialist Team showed a successful year in the effective support to the secondary schools by further developing and adapting the strategies used for the different contexts in which they work. These range from coaching and mentoring for Heads of Department; quality assurance of assessment, tracking, and projections; 1:1 support developing individual teachers; and developing and facilitating the sharing of high-quality resources.

School-to-school support across the Trust has now become a reality, with support from the Lincoln hub being instrumental in the rapid progress made at Abbey Woods Academy this past year. Development of the hub of primary schools in London has seen significant progress, with joint working and school-to-school support becoming embedded across the three schools.

### **Academic performance**

A number of schools were inspected by Ofsted during the year, providing valuable feedback on the effectiveness of improvement strategies at school and Trust level. Several schools which were subject to a Section 5 inspection in this academic year improved by at least one category. Gladstone Park Primary School in Brent, North London was inspected as an academy for the first time and judged Good by inspectors. The school was previously in Serious Weaknesses.

Abbey Woods Academy has reached an important milestone on its improvement journey after being removed from Special Measures by Ofsted following a two-day inspection on 23 and 24 May. The primary school became subject to Special Measures following its last full Ofsted inspection in May 2015. However, the latest report said those inadequacies had been eradicated thanks to the combined efforts of leaders and staff, and Abbey Woods has progressed to the Requires Improvement grade. This judgement means there are now no schools in the Trust in an Ofsted category of concern.

At the end of 2016-17, Ofsted judgements for the Trust's schools that have been inspected were as follows:

	Number		Percentage (%)	
	2017	2016	2017	2016
<b>Outstanding</b>	5	7	31%	46%
<b>Good</b>	8	6	50%	40%
<b>Requires Improvement</b>	3	1	19%	7%
<b>Special Measures</b>	0	1	0%	7%

#### Key Stage 2 results

The Trust-wide average Year 6 results were just below the national average of 61% at 54% of pupils reaching the expected standard in combined reading, writing and maths. The overall progress score was -0.1. For disadvantaged pupils, the percentage reaching expected standard was 57% and a progress score of -1.4, although there were some strong performances in individual schools.

#### Key Stage 4 results

Overall KS4 results, although still below national averages, (Attainment 8 4.3 national 4.5) they have moved closer than in 2016 (Attainment 8 4.4 national 4.9).

In terms of pupil progress, the value-added score for the Trust as a whole has improved significantly from -0.32 in 2016 to -0.11 in 2017. The improvement in Progress 8 for St Marks Church of England Academy was particularly strong now being well above the national average at +0.42.

For disadvantaged students, the Trust-wide Attainment 8 and Progress 8 scores were 3.7 and -0.47,

#### Pupil attendance

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

Phase	CST	National average
Primary	95.76%	96.1%
Secondary	94.32%	94.8%

A greater focus on attendance in all schools was introduced in 2017 with an expectation that no school should be below the national average.

#### Financial Review

The majority of CST's income is derived from the Education and Skills Funding Agency (ESFA), 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 ESFA during the year ended 31 August 2017 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 and Skills Funding Agency (ESFA). The surplus on the School Operating Fund excludes capital items, depreciation and pension scheme adjustments.

Total income for the year was £46.9 million and expenditure amounted to £51.3 million. After including the FRS102 adjustments of £5.0 million for the Local Government Pension Scheme this resulted in a net inflow of

funds for the year of £0.6 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, £42.3 million was obtained as ESFA grants, with £1.6 million of income as government grants via local authorities and £0.7m for the KYRA Teaching School. The £42.3 million received from the ESFA was a combination of the general annual grant (GAG) of £37.1 million, pupil premium of £2.2 million, capital grants of £1.0 million and other grants of £2.0 million.

Of the total expenditure for the year £50.9 million relates to CST's educational activities. Of this expenditure £28.8 million was for teaching and educational support staff and £3.4 million other direct costs. A small amount, £0.2 million was for governance costs (see note 7). The remaining £18.5 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 rolling forecasts that predict the projected out-turn throughout the academic year. Three year financial plans are in place across all schools to ensure that they strengthen their financial position whilst raising educational standards. There are five academies carrying deficits, the reasons are detailed in note 17. The Trust is expecting these deficits to reduce as a result of the above controls and increasing pupil numbers. Two of the academies already reduced their deficits in the year.

Total income and expenditure for 2016-17 has seen a substantial reduction compared to 2015-16 due to the transition of three secondary schools to other MATs in 2015-16.

Total funds at 31 August 2017 are in surplus by £96.1 million, made up of a surplus of £94.7 million of restricted funds and £1.4 million of unrestricted general funds. The restricted funds comprise £107.3 million for the restricted fixed asset fund, a surplus of £0.04 million on the restricted schools operating funds and a pension reserve fund deficit of £12.6 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 2017, the net book value of fixed assets was £105.9 million and movements in tangible fixed assets are shown in note 13 to the financial statements. There have been additions in the year of £1.7 million and depreciation of £4.3 million.

Under the terms of the Funding Agreement with the Department of Education CST is required to offer all support staff membership of the Local Government Pensions Scheme. The Trust has no control over this scheme however it is government-backed. As of 31 August 2017, the scheme was in deficit with the amount attributable to CST being £12.6 million. This is a reduction of £3.1 million from last year due to actuarial valuations in the year. Forward financial plans and budgets are developed on the expectation of increases in contribution levels to assist in reducing the deficit.

#### ***Reserves Policy***

CST has developed a risk-based approach to setting the level of reserves held. This approach uses a three-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 used its contingency reserve to support schools with financial challenges. This financial support is seen as temporary and it is expected that any funds received by schools are 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 restricted pension reserve of £12.6m (2016: £15.7m) is held to offset the liability relating to the defined benefit pension liability for the Local Government Pension Scheme. This deficit would only crystallise as a liability on the closure of the Trust. In such an event Parliament has agreed to guarantee that outstanding LGPS liabilities will be met by the Department for Education.

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 2017, the Trust held Restricted General Funds of £0.04m (2016: £0.06m) and Unrestricted General Funds of £1.4m (2016: £1.2m). The Contingency Reserve held of £3.07m (2016: £2.79m) equates to just over one month of payroll costs.

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

CST's investment policy is that schools in CST pool cash balances not required immediately and place them on fixed-term deposit, for between three 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 implemented and resources allocated.

As the majority of CST's funding is derived from the ESFA, 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 in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board.

CST schools are also facing increasing financial pressures as the funding of schools becomes tighter. The revenue funding from the ESFA, 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**

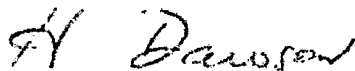
Neither CST nor any of its Trustees act as a Custodian Trustee.

**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 board of Trustees on 19 December 2017 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees

## Governance Statement

### 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. The Accounting Officer is 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 five 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
Dawson, Heather	5	5
Hawker, David	4	5
Irish, Tim	5	5
McFarlane, Angela	1	1
Munby, Steve	4	5
Parkes, Duncan	5	5
Wood, Philip	4	5

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

The year saw significant change with Chris Tweedale resigning as Chief Executive and Accounting Officer. The Trustees led the recruitment process for his replacement during which time the Finance Director, Sheila McKenzie took on the Acting Chief Executive role. After a very robust recruitment process with a strong field of candidates, the Trustees were pleased to be able to appoint Andrew Yarrow as the new Chief Executive and Accounting Officer who started in post in March 2017.

Every Full Trustee Board meeting includes a report from the Chief Executive, an update on governance both at Trust and local level and reports from committees. Matters discussed during the year to 31 August 2017 included:

- Performance of schools both educationally and financially.
- Reports from Ofsted and the Department of Education.
- Agreement of the CST vision and strategic priorities.
- A growth strategy.
- Review of leadership and succession planning.

In 2016-17 the majority of Trustee Board meetings were held in schools with the host Headteacher presenting on key issues for their school.

Every year the Trustee Board undergoes a skills audit and self-evaluation of performance. Also during this last year, the focus and agenda of board meetings has been reviewed to ensure that meetings are effective. Preparations are in hand for a Trustee Strategic Awayday in the spring of 2018 to evaluate the key priorities of the board.

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 2017 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>
Dawson, Heather	4	4
Hawker, David	2	4
Irish, Tim	4	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 2017 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>
Munby, Steve	3	4
Parkes, Duncan	4	4
Wood, Philip	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 2017 include:

- Scrutiny of attainment data, actual from the summer 2016 and projections for the summer 2017.
- 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>
Briody, Vicki (co-opted headteacher)	4	4
Button, Olly (co-opted headteacher)	4	4
Hawker, David	4	4
Irish, Tim	3	4
Munby, Steve	3	4
Parkes, Duncan	4	4

#### **Remuneration Committee**

The purpose of the Remuneration Committee is to approve the remuneration and benefits for the headteachers and the Executive and oversee the consistency of outcomes from the performance management process for headteachers and the remuneration strategy for all employees in CST.

Matters discussed during the year to 31 August 2017 include:

- Pay awards for teachers and support staff.
- A review of headteacher pay.

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Hawker, David	1	1
Irish, Tim	0	1
Parkes, Duncan	1	1



## 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:

- Embedding curriculum management of secondary schools and the development of curriculum modelling of primary schools to ensure effective deployment of staff.
- Reviewing cleaning and catering provision in the schools, identifying several cleaning and catering contracts that were falling short of the Trusts required standards and putting them out for competitive tender to improve service quality and reduce costs.
- Establishing a working group to review our practices around recruitment of staff and interrogate the value provided by our suppliers of temporary staffing and job advertising.
- Deliver training to key school staff on effective procurement and contract management processes.
- Make better use of public sector buying organisations where their greater economies of scale reduce unit pricing; particularly in areas such as photocopiers and ICT equipment.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 2017 and up to the date of approval of the annual report and financial statements.

## Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which 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 ongoing process for identifying, evaluating and managing the CST's significant risks that have been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

## The Risk and Control Framework

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 the current period, the checks carried out included a review of key financial controls at the Centre.

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 19 December 2017 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees



**Andrew Yarrow**  
Accounting Officer

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

As Accounting Officer of CST, I have considered my responsibility to notify the Trust board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 ESFA.

Approved on 19 December 2017 and signed by:



**Andrew Yarrow**  
Accounting Officer

## Statement of Trustees' Responsibilities

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 published by the Education and Skills 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 2016 to 2017.
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 19 December 2017 and signed on its behalf by:



**Heather Dawson**

Chair of Trustees

## Independent Auditors' Report to the Members of CfBT Schools Trust

### Opinion

We have audited the financial statements of CfBT Schools Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion, CfBT Schools Trust financial statements (the "financial statements"):

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

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report, including the incorporated strategic report, have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



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

Chartered Accountants  
Statutory Auditor

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

*20 December*  
..... 2017

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

In accordance with the terms of our engagement letter dated 14 July 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CfBT Schools Trust during the year to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to CfBT Schools Trust and the ESFA 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 ESFA 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 ESFA, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2017 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 2016 to 2017, issued by the ESFA. We performed a limited assurance engagement, as defined in our engagement letter.

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

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

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



- 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 2017, 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 2017

## Statement of financial activities for the year ended 31 August 2017 (incorporating income & expenditure account)

	Notes	Unrestricted fund £'000	General funds £'000	Restricted funds asset fund £'000	2017 Total £'000	2016 Total £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	62	-	1,004	1,066	30,894
<i>Charitable activities</i>						
Funding for educational operations	3	585	43,556	-	44,141	61,867
Teaching Schools		-	658	-	658	292
Other trading activities	4	868	122	-	990	1,191
Investments	5	24	-	-	24	16
<b>Total income and endowments</b>		<b>1,539</b>	<b>44,336</b>	<b>1,004</b>	<b>46,879</b>	<b>94,260</b>
<b>Expenditure on</b>						
Raising funds	6	356	62	-	418	849
<i>Charitable activities:</i>						
Educational operations	7	585	45,342	4,344	50,271	69,594
Teaching Schools	6	-	615	-	615	315
Academy assets transferred out of the Trust	7	-	-	-	-	34,342
<b>Total expenditure</b>	<b>6</b>	<b>941</b>	<b>46,019</b>	<b>4,344</b>	<b>51,304</b>	<b>105,100</b>
<b>Net income/ (expenditure) for the year</b>		<b>598</b>	<b>(1,683)</b>	<b>(3,340)</b>	<b>(4,425)</b>	<b>(10,840)</b>
<b>Transfers between funds</b>		<b>(393)</b>	<b>(299)</b>	<b>692</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	5,062	-	5,062	(10,422)
<b>Net movement in funds</b>		<b>205</b>	<b>3,080</b>	<b>(2,648)</b>	<b>637</b>	<b>(21,262)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 31 August 2016		1,193	(15,673)	109,962	95,482	116,744
<b>Total funds carried forward at 31 August 2017</b>		<b>1,398</b>	<b>(12,593)</b>	<b>107,314</b>	<b>96,119</b>	<b>95,482</b>
		=====	=====	=====	=====	=====

The restricted general funds column includes the result for the year for both the restricted income fund and the pension fund. The total restricted funds carried forward included a surplus balance of £42k for the restricted school operating fund and a deficit balance of £12,635k for the restricted pension fund.

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

# Statement of financial activities for the year ended 31 August 2016 (incorporating income & expenditure account)

## Comparative year information

	Notes	Unrestricted fund £'000	Restricted funds General funds £'000	Fixed asset fund £'000	2016 Total £'000
<b>Income and endowments from:</b>					
Donations and capital grants	2	113	-	30,781	30,894
<i>Charitable activities</i>					
Funding for educational operations	3	871	60,996	-	61,867
Teaching Schools		-	292	-	292
Other trading activities	4	1,087	104	-	1,191
Investments	5	16	-	-	16
<b>Total income and endowments</b>		<b>2,087</b>	<b>61,392</b>	<b>30,781</b>	<b>94,260</b>
<b>Expenditure on:</b>					
Raising funds	6	742	107	-	849
<i>Charitable activities:</i>					
Educational operations	7	866	62,724	6,004	69,594
Teaching Schools	6	-	315	-	315
Academy assets transferred out of the Trust	7	196	(8,855)	43,001	34,342
<b>Total expenditure</b>	<b>6</b>	<b>1,804</b>	<b>54,291</b>	<b>49,005</b>	<b>105,100</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>Transfers between funds</b>		<b>(702)</b>	<b>324</b>	<b>378</b>	<b>-</b>
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	26	-	(10,422)	-	(10,422)
<b>Net movement in funds</b>		<b>(419)</b>	<b>(2,997)</b>	<b>(17,846)</b>	<b>(21,262)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward at 31 August 2015		1,612	(12,676)	127,808	116,744
<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>
		=====	=====	=====	=====

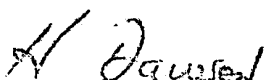
The restricted general funds column includes the result for the year for both the restricted income fund and the pension fund. The total restricted funds carried forward included a surplus balance of £55k for the restricted school operating fund and a deficit balance of £15,728k for the restricted pension fund.

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

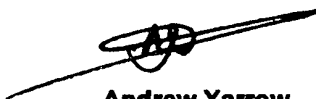
**Balance Sheet as at 31 August 2017**

	Notes	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	13	105,872	108,572
<b>Current assets</b>			
Debtors	15	2,778	2,139
Cash in hand and at bank		5,176	7,143
		7,954	9,282
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(4,226)	(5,704)
<b>Net current assets</b>		3,728	3,578
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	16	(846)	(940)
<b>Net assets excluding pension liability</b>		108,754	111,210
Defined benefit pension scheme liability	26	(12,635)	(15,728)
<b>Net assets including pension liability</b>		96,119	95,482
<b>The funds of the Trust:</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	107,314	109,962
Restricted income funds	17	42	55
Pension reserve	17	(12,635)	(15,728)
<b>Total restricted funds</b>		94,721	94,289
<b>Unrestricted funds</b>	17	1,398	1,193
<b>Total funds</b>		96,119	95,482

The financial statements on pages 25 to 50 were approved by the Board of Trustees, and authorised for issue on 19 December 2017 and are signed on their behalf by:



**Heather Dawson**  
Chair of Trustees



**Andrew Yarrow**  
Accounting Officer

Company registration no: 07468210

**Cash Flow Statement for the year ended 31 August 2017**

	<b>Notes</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Cash flows used in operating activities</b>			
Net cash used in operating activities	21	(1,631)	(1,242)
		<hr/>	<hr/>
<b>Cash flows used in investing activities</b>			
Dividends, interest and rents from investments		24	16
Proceeds from sale of tangible fixed assets		298	-
Capital grants from DfE and ESFA	2	1,002	4,606
Capital funding from others	2	2	-
Payments to acquire tangible fixed assets	13	(1,662)	(4,989)
		<hr/>	<hr/>
		(336)	(367)
<b>Cash flows used in financing activities</b>			
Repayment of borrowings	22	-	(5)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(1,967)	(1,614)
Cash and cash equivalents at 1 September 2016		7,143	8,757
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 August 2017</b>	24	<b>5,176</b>	<b>7,143</b>
		<b>=====</b>	<b>=====</b>

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

### 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements have been prepared in sterling, which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historic cost convention. 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.

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

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

Capital grants are recognised 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 based on 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 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 twelve months or less.

### **Financial instruments**

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

Financial instruments are recognised in the Trust's Statement of Financial Position when the Trust becomes a 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.

#### ***Financial assets***

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

#### ***Cash at bank***

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

#### ***Financial liabilities***

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

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 rate method.



## 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), the Local Government Pension Scheme (LGPS) and the Prudential Pension Scheme. The TPS and LGPS are defined benefit schemes and the Prudential Pension Scheme a defined contribution scheme. The assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions 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 and Skills 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 with restrictions imposed by the funder/donor and include grants from the Education and Skills 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 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**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 2017 £'000	Total 2016 £'000
Capital grants	-	1,002	1,002	4,606
Leased assets transferred in year	-	-	-	26,175
Other donations	62	2	64	113
	<hr/>	<hr/>	<hr/>	<hr/>
	62	1,004	1,066	30,894
	=====	=====	=====	=====

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

	Unrestricted fund £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DfE / ESFA grants</b>				
- General Annual Grant (GAG)	-	37,063	37,063	53,799
- Start up grants	-	106	106	164
- Other DfE / ESFA grants	-	4,172	4,172	4,661
	<hr/>	<hr/>	<hr/>	<hr/>
	-	41,341	41,341	58,624
<b>Other Government grants</b>				
- Local authority grants	-	1,615	1,615	1,933
	<hr/>	<hr/>	<hr/>	<hr/>
	-	42,956	42,956	60,557
<b>Other funds</b>				
- Other income from the Trust's educational operations	585	600	1,185	1,310
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funding</b>	585	43,556	44,141	61,867
	=====	=====	=====	=====

Included in restricted funds as other income from the Trust's educational operations is £270k being the profit on the sale of a freehold property.

## 4. Other trading activities

	Unrestricted fund £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	269	-	269	267
Trip income	344	-	344	589
Sale of school uniform	18	-	18	65
Consultancy	-	122	122	109
Other income	237	-	237	161
	<hr/>	<hr/>	<hr/>	<hr/>
	868	122	990	1,191
	=====	=====	=====	=====

## 5. Investment income

	Unrestricted fund £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Bank interest receivable	4	-	4	6
Short term deposits	20	-	20	10
	<u>24</u>	<u>-</u>	<u>24</u>	<u>16</u>
	=====	=====	=====	=====

## 6. Expenditure

	Non-pay expenditure Staff costs £'000 (note 8)	Premises £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Academies' educational operations (note 7)					
- direct costs	28,557	-	3,149	31,706	45,347
- allocated support costs	7,545	2,220	8,800	18,565	58,589
Teaching Schools	354	7	254	615	315
	<u>36,456</u>	<u>2,227</u>	<u>12,203</u>	<u>50,886</u>	<u>104,251</u>
	=====	=====	=====	=====	=====
Expenditure on raising funds	-	-	418	418	849
	<u>36,456</u>	<u>2,227</u>	<u>12,621</u>	<u>51,304</u>	<u>105,100</u>
	=====	=====	=====	=====	=====

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

	2017 £'000	2016 £'000
Operating lease rentals	281	229
Fees paid to auditor for: - audit services	39	36
- other services	21	9
(Gain) / loss on disposal of fixed assets	(270)	-
Depreciation of tangible fixed assets	4,334	5,880
	=====	=====

Included within expenditure are fixed asset and cash losses of £5,866 resulting from two incidents of theft and unrecoverable debts of £1,385 (2016: £8,578). There were no individual items with a value above £5,000.

**7. Charitable activities**

	2017	2016
	£'000	£'000
Direct costs – educational operations	31,706	45,347
Support costs – educational operations	18,565	58,589
	<u>50,271</u>	<u>103,936</u>
	=====	=====
	2017	2016
	£'000	£'000
<b>Analysis of support costs</b>		
Support staff costs	7,545	8,593
Depreciation (fixed asset restricted fund)	4,334	5,929
Technology costs	879	953
Premises costs	2,220	3,328
Other support costs	3,413	5,249
Governance costs	174	195
Academy assets transferred out of the Trust	-	34,342
	<u>18,565</u>	<u>58,589</u>
	=====	=====

**8. Staff costs**

Staff costs during the year were:	2017	2016
	£'000	£'000
Wages and salaries	26,306	37,689
Social security costs	2,470	3,065
Operating costs of defined benefit pension scheme	6,153	7,246
Apprenticeship levy	45	-
	<u>34,974</u>	<u>48,000</u>
Supply teacher costs	1,381	2,575
Staff restructuring costs (see below)	96	160
	<u>36,451</u>	<u>50,735</u>
	=====	=====
Staff restructuring costs comprise:		
- Redundancy payments	74	75
- Severance payments	22	78
- Other restructuring costs	-	7
	<u>96</u>	<u>160</u>
	=====	=====

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,670 (2016: £15,203). Individually, the payments were: £1,703 and £966 (2016: £3,948, £3,695, £3,056, £2,623, £1,241, £466 and £175).

## 8. Staff costs (continued)

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

	Number		FTE	
	2017	2016	2017	2016
Teachers	473	725	370	650
Administration and support	562	891	440	545
Management	52	71	52	71
<b>Total</b>	<b>1,087</b>	<b>1,687</b>	<b>862</b>	<b>1,266</b>

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

	2017 Number	2016 Number
£ 60,001 - £ 70,000	35	15
£ 70,001 - £ 80,000	9	12
£ 80,001 - £ 90,000	9	4
£ 90,001 - £100,000	4	4
£100,001 - £110,000	2	3
£110,001 - £120,000	1	1
£120,001 - £130,000	3	-
£130,001 - £140,000	1	-
	=====	=====

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 2017, pension contributions for these staff amounted to £657,308 (2016: £435,880).

## 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 and others as arising.

CST charges for these services on the basis of 4% for Secondary schools and 5% for Primary schools of the General Annual Grant from the ESFA. It is not charged on Capital Grant Income, Pupil Premium Funding 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:

	2017 £'000	2016 £'000
Abacus Belsize Primary School	35	19
All Saints Junior School	25	15
Abbey Woods Academy	46	43
Benjamin Adlard Primary School	44	43
Boston West Academy	68	40
Danum Academy	-	396
The Deepings School	282	207
City of Ely Community College	-	251
Gladstone Park Primary School	144	90
Grampian Primary Academy	49	29
Judith Kerr Primary School	61	34
Lincoln Carlton Academy	44	21
Mount Street Infant Academy	50	31
Meadow Park Academy	68	65
Oakbank School	85	58
Oxford Spires Academy	182	129
Queensbury Academy	160	121
St Mark's Academy	211	155
Sir John Gleed School	-	346
	<hr/>	<hr/>
	1,554	2,091
	=====	=====

## 10. Key management personnel

The key management personnel of CST comprise the trustees and senior management team. This changed during the year, 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 £433,652 (2016: £322,679).

## 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 27, and the value of his remuneration charged to CST was as follows:

Chris Tweedale (Chief Executive)

Remuneration £15,000- £20,000 (2016: £105,000-£110,000)

Employer pension contributions £0,001 - £5,000 (2016: £10,000-£15,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £2,083 (2016: £2,720) were reimbursed to 4 (2016: 5) 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**

	<b>Freehold Land and Buildings £'000</b>	<b>Long Leasehold Land and Buildings £'000</b>	<b>Computer Equipment £'000</b>	<b>Furniture &amp; Fittings £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 September 2016	20,197	95,669	3,711	2,565	37	122,179
Additions	23	477	366	796	-	1,662
Reclassification	-	(2)	-	2	-	-
Disposals	(34)	-	(5)	-	-	(39)
<b>At 31 August 2017</b>	<b>20,186</b>	<b>96,144</b>	<b>4,072</b>	<b>3,363</b>	<b>37</b>	<b>123,802</b>
<b>Depreciation</b>						
At 1 September 2016	1,860	7,382	2,829	1,505	31	13,607
Charge in year	464	2,963	558	344	5	4,334
Disposals	(6)	-	(5)	-	-	(11)
<b>At 31 August 2017</b>	<b>2,318</b>	<b>10,345</b>	<b>3,382</b>	<b>1,849</b>	<b>36</b>	<b>17,930</b>
<b>Net book values</b>						
At 31 August 2017	17,868	85,799	690	1,514	1	105,872
At 31 August 2016	18,337	88,287	882	1,060	6	108,572

There are leasehold assets of £5,292k held for The Deepings, where the property is held as a tenancy at will. Negotiations of the lease are ongoing; therefore, the assets have been treated as leasehold according to substance and depreciated according to the Trust's depreciation policy.

During the year the site manager's bungalow at Queensbury Academy was sold. The profit on sale is included in Other Income from the Trust's Educational Operations (see note 3). The proceeds were used to fund capital projects at the academy.

**14. Financial Instruments**

	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	5,990	8,733
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,104	2,140

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.



**15. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	246	159
VAT recoverable	401	270
Other debtors	1,438	17
Prepayments and accrued income	693	1,693
	<u>2,778</u>	<u>2,139</u>
	=====	=====

**16. Creditors**

<b>Amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,505	1,444
Other taxation and social security	612	689
ESFA Creditor: Abatement of GAG	-	324
Accruals and deferred income (see below)	1,285	1,068
Other creditors	824	2,179
	<u>4,226</u>	<u>5,704</u>
	=====	=====

<b>Creditors: amounts falling due after one year</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income (see below)	750	750
Other creditors	96	190
	<u>846</u>	<u>940</u>
	=====	=====

<b>Creditors: deferred income</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income at 1 September	1,122	1,319
Income deferred in the year	686	472
Amounts released from previous years	(372)	(669)
	<u>1,436</u>	<u>1,122</u>
	=====	=====

Included in deferred income is £252k for universal infant free school meal funding, £73k for local authority grants, £76k for teaching school grants and £30k for other ESFA grants, and £1m from the ESFA as an advance of future funding. The ESFA advance will be deducted from in year funding over a 4-year period starting September 2017.

Included in other creditors is £62k for loans from Salix and £100k for funds received in advance for academy trips and catering. These trips will be taking place during the next academic year.

## 17. Funds

	Balance at 31 August 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(4,395)	37,063	(32,369)	(299)	-
Start Up Grant	-	106	(106)	-	-
Other DfE / ESFA grants	-	2,011	(2,011)	-	-
Other government grants	-	1,895	(1,895)	-	-
Pupil Premium grants	-	2,206	(2,206)	-	-
Non-government grants	-	933	(891)	-	42
Donations and other income	4,450	122	(4,572)	-	-
Pension reserve (note 26)	(15,728)	-	(1,969)	5,062	(12,635)
<b>Total restricted general funds</b>	<b>(15,673)</b>	<b>44,336</b>	<b>(46,019)</b>	<b>4,763</b>	<b>(12,593)</b>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	66,201	-	(2,428)	-	63,773
DfE/ESFA capital grants	43,761	1,004	(1,916)	692	43,541
<b>Total restricted fixed asset funds</b>	<b>109,962</b>	<b>1,004</b>	<b>(4,344)</b>	<b>692</b>	<b>107,314</b>
<b>Total restricted funds</b>	<b>94,289</b>	<b>45,341</b>	<b>(50,363)</b>	<b>5,456</b>	<b>94,721</b>
<b>Unrestricted fund</b>					
Unrestricted fund	1,193	1,539	(941)	(393)	1,398
<b>Total funds</b>	<b>95,482</b>	<b>46,879</b>	<b>(51,304)</b>	<b>5,062</b>	<b>96,119</b>

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 2017.

**Other DfE/ESFA 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 26).

**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.

**17. Funds – Group (continued)****Total funds analysis by academy**

Fund balances at 31 August 2017 were allocated as follows:

	<b>2017 £'000</b>	<b>2016 £'000</b>
Abacus Belsize Primary School	-	95
All Saints Junior School	154	121
Abbey Woods Academy	(132)	(12)
Benjamin Adlard Primary School	-	-
Boston West Academy	491	389
The Deepings School	-	-
Gladstone Park Primary School	-	-
Grampian Primary Academy	8	-
Judith Kerr Primary School	(297)	(326)
Lincoln Carlton Academy	-	-
Mount Street Infant Academy	97	-
Meadow Park Academy	(102)	(84)
Oakbank School	(887)	(840)
Oxford Spires Academy	-	-
Queensbury Academy	(1,733)	(1,747)
St Mark's Academy	683	677
Central services	88	185
CST Central Reserve	3,070	2,790
	<hr/>	<hr/>
Total funds before fixed assets and pension reserve funds	1,440	1,248
Restricted fixed asset fund	107,314	109,962
Pension reserve	(12,635)	(15,728)
	<hr/>	<hr/>
<b>Total</b>	<b>96,119</b>	<b>95,482</b>
	<b>=====</b>	<b>=====</b>

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 has invested in teaching and learning this year to improve educational standards. This has resulted in the school moving out of special measures to a requires improvement Ofsted judgement.

**Judith Kerr Primary:** The school has a historical deficit due to interim leadership arrangements and historical commitments. A substantive Head of School has since been appointed and the school made an in-year surplus thus reducing the deficit.

**Meadow Park Academy:** The school has continued to invest in teaching and learning this year to ensure the sustainability of educational improvements achieved in recent years.

**Oakbank School:** The school has a historic deficit and faces challenges to deliver the full GCSE curriculum with low pupil numbers. The school has benefitted from strong growth in pupil numbers in recent years.

**Queensbury Academy:** The Trust continues to work in conjunction with the ESFA to support the academy and their funding needs during the period of transition from being an upper to a secondary school. There is a 10-year plan in place which the school is successfully following. As planned they have begun to repay the deficit in 2017/18.

**17. Funds – Group (continued)****Total funds analysis by academy (continued)**

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 2017 £'000	Total 2016 £'000
Abacus Belsize Primary School	559	103	5	540	1,208	953
All Saints Junior School	404	143	4	157	709	587
Abbey Woods Academy	781	183	22	263	1,249	1,132
Benjamin Adlard Primary School	722	202	22	143	1,088	1,061
Boston West Academy	1,087	234	19	239	1,579	1,499
Danum Academy	-	-	-	-	-	8,180
The Deepings School	5,635	1,356	94	1,570	8,655	8,008
City of Ely Community College	-	-	-	-	-	5,996
Gladstone Park Primary School	2,445	720	13	464	3,642	3,557
Grampian Primary Academy	827	218	16	221	1,283	1,230
Judith Kerr Primary School	953	283	14	354	1,604	1,380
Lincoln Carlton Academy	641	397	34	132	1,204	899
Mount Street Infant Academy	1,339	330	30	270	1,969	1,812
Meadow Park Academy	988	523	19	313	1,843	1,627
Oakbank School	1,641	545	38	492	2,716	2,197
Oxford Spires Academy	3,712	1,126	63	979	5,880	5,216
Queensbury Academy	3,503	670	82	697	4,952	4,619
Sir John Gleed School	-	-	-	-	-	7,586
St Mark's Academy	3,564	856	75	1,187	5,682	5,619
Central services	-	899	-	799	1,697	1,596
	<u>28,800</u> =====	<u>8,787</u> =====	<u>551</u> =====	<u>8,822</u> =====	<u>46,960</u> =====	<u>64,754</u> =====

\* Excluding depreciation (£4,334k) and capital grant funded expenditure (£10k).

## 18. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds 2017 £'000
Tangible fixed assets	-	-	105,872	105,872
Current assets	1,398	5,114	1,442	7,954
Current (and non-current) liabilities	-	(5,072)	-	(5,072)
Pension scheme liability	-	(12,635)	-	(12,635)
<b>Total net assets</b>	<b>1,398</b>	<b>(12,593)</b>	<b>107,314</b>	<b>96,119</b>
	=====	=====	=====	=====

Fund balances at 31 August 2016 are represented by:

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds 2016 £'000
Tangible fixed assets	-	-	108,572	108,572
Current assets	1,193	6,699	1,390	9,282
Current liabilities	-	(6,644)	-	(6,644)
Pension scheme liability	-	(15,728)	-	(15,728)
<b>Total net assets</b>	<b>1,193</b>	<b>(15,673)</b>	<b>109,962</b>	<b>95,482</b>
	=====	=====	=====	=====

## 19. Capital commitments

There were no capital commitments outstanding as at 31 August 2017

## 20. Operating lease commitments

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

	2017 £'000	2016 £'000
Due within one year	286	268
Due in one to five years	252	384
Due after five years	124	129
	=====	=====

**21. Reconciliation of net (loss)/income to net cash used in operating activities**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Net movement in funds for the year	637	(21,262)
Transfer of fixed assets on academies transferring out of Trust	-	43,002
Transfer of loan on academies transferring out of Trust	-	(105)
Transfer of pension liabilities on academies transferring out of Trust	-	(11,023)
Depreciation (note 7)	4,334	5,880
Disposal of tangible fixed assets	(270)	-
Capital grants from DfE and other capital income	(1,004)	(30,781)
Interest receivable (note 5)	(24)	(16)
Defined benefit pension scheme cost less contributions payable (note 26)	1,969	(474)
Defined benefit pension scheme finance cost (note 26)	(5,062)	11,796
(Increase) / decrease in stocks	-	70
(Increase) / decrease in debtors	(639)	3,881
Increase / (decrease) in creditors	(1,572)	(2,210)
	<hr/>	<hr/>
Net cash used in operating activities	(1,631)	(1,242)
	=====	=====

**22. Cash flows used in financing activities**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Repayments of borrowing	-	(5)
	<hr/>	<hr/>
Net cash used in financing activities	-	(5)
	=====	=====

**23. Cash flows used in investing activities**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Dividends, interest and rents from investments	24	16
Proceeds from sale of tangible fixed assets	298	-
Capital grants from DfE / ESFA	1,002	4,606
Capital funding received from others	2	-
Payments to acquire tangible fixed assets	(1,662)	(4,989)
	<hr/>	<hr/>
Net cash used in investing activities	(336)	(367)
	=====	=====

**24. Analysis of cash and cash equivalents**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Cash in hand and at bank	3,465	6,539
Notice deposits (less than 3 months)	1,711	604
	<hr/>	<hr/>
	5,176	7,143
	=====	=====

## 25. 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 (2016: £10) for the debts and liabilities contracted before he/she ceases to be a member.

## 26. 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, Camden, Derbyshire, Lincolnshire, Merton, Oxfordshire, Berkshire and Southwark 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 related to the period ended 31 March 2012 and of the LGPS was 31 March 2016.

There were £414,279 outstanding contributions at the end of the financial year (2016: £291,427).

### 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 employees can opt out.

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

#### Valuation of the Teachers' Pension Scheme

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

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

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

## 26. Pension and similar obligations (continued)

The employers pension costs paid to TPS in the period amounted to £2,756k (2016: £4,026k).

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 2017 was £1,806k (2016: £2,720k), of which employer's contributions totalled £1,384 (2016: £2,137k) and employees' contributions totalled £422k (2016: £583k). The agreed contribution rates for future years are between 14.1% and 30.0% (2016: 13.3% and 30.0%) for employers and averages between 5.5% and 5.9% (2016: 5.0% and 6.0%) 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.

#### Principal Actuarial Assumptions:

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.3%	3.7%
Rate of increase for pensions	2.5%	2.2%
Discount rate for scheme liabilities	2.5%	2.1%
Inflation assumption (CPI)	2.5%	2.2%
Retail price index assumption (RPI)	3.4%	3.1%

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 and Hymans Robertson 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	
	2017	2016
	£'000	£'000
0.1% - 0.5% decrease in real discount rate	1,595	2,763
1-year increase in member life expectancy	1,844	954
0.5% increase in salary increase rate	1,205	928
0.5% increase in employer's liability	1,512	1,754



## 26. Pension and similar obligations (continued)

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

	At 31 August 2017 (years)	At 31 August 2016 (years)
<b>Retiring today</b>		
Males	22.6	22.4
Females	24.7	25.1
<b>Retiring in 20 years</b>		
Males	24.7	24.7
Females	27.0	27.4

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

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equity instruments	14,286	12,555
Debt instruments	3,611	3,054
Property	1,671	1,521
Cash	985	280
<b>Total market value of assets</b>	<b>20,553</b> =====	<b>17,410</b> =====

Actual return on scheme assets was £944k (2016: £3,367k).

### Amounts recognised in the statement of financial activities

	2017 £'000	2016 £'000
Current service cost (net of employee contributions)	2,659	2,597
Net Interest Cost	339	590
Benefit charges, gain/(loss) on curtailment and gain/(loss) on settlement	355	-
<b>Total operating charge</b>	<b>3,353</b> =====	<b>3,187</b> =====

**26. Pension and similar obligations (continued)**

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

	2017 £'000	2016 £'000
At 1 September	33,138	38,508
Current service cost	2,636	2,597
Interest cost	721	1,495
Employee contributions	422	583
Actuarial gain / (loss)	(4,303)	13,790
Benefits paid	(220)	(507)
Past Service Cost	23	-
Transfers	-	(23,328)
Settlements	771	-
	<hr/>	<hr/>
At 31 August	33,188	33,138
	=====	=====

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

	2017 £'000	2016 £'000
At 1 September	17,410	23,088
Interest income	384	905
Actuarial gain / (loss)	(185)	-
Return on plan assets (excluding net interest on the net defined pension liability)	942	3,368
Employer contributions	1,384	2,137
Employee contributions	422	583
Benefits paid	(220)	(507)
Transfers	-	(12,155)
Settlements	416	-
	<hr/>	<hr/>
At 31 August	20,553	17,410
	=====	=====

**27. 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. All such services were purchased at cost only and amounted to £837,614 (2015-16 £1,218,044). Of this £775,710 (2015-16 £1,091,837) relates to the recharge of salaries and related costs for staff seconded from Education Development Trust to the Trust; £942 (2015-16 £3,868) relates to products and services purchased by Education Development Trust on behalf of the Trust and the remaining £60,962 (2015-16 £122,339) is for services provided by Education Development Trust staff to the Trust. At the 31 August 2017, the Trust owed Education Development Trust £nil (2015-16 £131,165), which is included in other creditors. This balance represents normal trading activity.

**27. Related party transactions (continued)**

The Trust sold school improvement services on behalf of its sponsor Education Development Trust. All such services were sold at cost and amounted to £1,955 (2015-16: nil) 28. Events after the end of the reporting period.

**28. Events after the end of the reporting period**

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

**29. Agency Arrangements**

The trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017, the trust received £71,941 and disbursed £71,537 from the fund. An amount of £404 is included in other creditors relating to undistributed funds that is repayable to ESFA.

The trust distributes training bursary funds to trainees as an agent for the NCTL. In the accounting period ending 31 August 2017, the Trust received £327,000 and disbursed £303,600. An amount of £23,400 is included in creditors relating to undistributed funds that is repayable to the NCTL.