

# **ANNUAL REPORT for CfBT SCHOOLS TRUST**

## **For the Year Ended 31 August 2013**

Company Number 7468210

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# 1. REFERENCE AND ADMINISTRATIVE DETAILS

## 1.1. Charity Details

<b>Name</b>	CfBT Schools Trust
<b>Company Registration Number</b>	7468210
<b>Registered office</b>	60 Queens Road, Reading, RG1 4BS
<b>Website</b>	<a href="http://www.cfbtschoolstrust.com">www.cfbtschoolstrust.com</a>
<b>Email</b>	<a href="mailto:enquiries@cfbt.com">enquiries@cfbt.com</a>
<b>Telephone</b>	0118 902 1000
<b>Fax</b>	0118 902 1410

## 1.2. Trustees

All Trustees served throughout the period, unless indicated otherwise.

Trustee	Position	Time served as Trustee	(Member of Audit Committee)
Neil McIntosh	CST Chair (until 12 Nov '12)	13 Dec '10 - 17 Dec '12	
Andy Breckon	Accounting Officer (until 12 Sept '12)	16 Aug '11 - 17 Dec '12	
Catherine Paine	Co-opted: representing Principals	17 Nov '11 - 31 Dec '12	
Steve Munby	CST Chair (from 12 Nov '12)	12 Nov '12 - present	
Richard Birkett	Appointed by CET	13 July '12 - present	
Anna Crispin	Accounting Officer (from 12 Sept '12)	12 Sept '12 - present	
Tony McAleavy	Appointed by CET	13 July '12 - 30 Sept '13	
Dr Peter Rawlinson	Appointed by CET	29 March '12 - present	(Audit Committee)
Dr Kelvin Simmonds	Co-opted: representing Principals	17 Nov '11 - 17 July '13	
Jonathan Theobalds	CST Co-opted - Chair of Governors	17 Nov '11 - present	(Audit Committee)
Susannah Daniel	Elected – Head's Forum representative	21 Oct '13 - present	
David Hawker	Appointed by CET	30 Sept '13 - present	
Chris Tweedale	Appointed by CET	30 Sept '13 - present	

*Company Secretary* Clive Adderley  
*Accounting Officer* Anna Crispin

### 1.3. Details of Academies in the Trust

At the start of the year, the Trust managed the following schools:

School Name	Phase	Location	Joining Date	Type
Oxford Spires	Secondary	Oxfordshire	1 January 2011	Sponsored
All Saints	Junior	Reading	1 September 2011	Free School
Danum	Secondary	Doncaster	1 October 2011	Converter
Mount Street	Primary	Lincoln	1 October 2011	Converter
Queen Eleanor	Secondary	Stamford	1 November 2011	Converter
Ely College	Secondary	Ely	1 January 2012	Converter
The Deepings	Secondary	Peterborough	1 February 2012	Converter
Benjamin Adlard	Primary	Gainsborough	1 April 2012	Converter
Boston West	Primary	Boston	1 July 2012	Converter

Schools that have joined in this report period are:

School Name	Phase	Location	Joining Date	Type
Enfield Heights <sup>1</sup>	Primary	Enfield	1 September 2012	Free School
Meadow Park	Primary	Reading	1 September 2012	Sponsored
Oakbank	Secondary	Reading	1 September 2012	Free School
Queensbury	Secondary	Dunstable	1 September 2012	Sponsored
Grampian	Primary	Derby	1 December 2012	Converter
Sir John Gleed	Secondary	Spalding	1 January 2013	Converter

On 3 October 2011, CfBT Education Trust became principal sponsor of St Mark's Church of England Academy. Whilst not part of CfBT Schools Trust, it works very closely with the Trust and the Academies in it.

A number of Schools joined CST since 1<sup>st</sup> September 2013, which is therefore outside of the period under review, they are:

School Name	Phase	Location	Joining Date	Type
Abacus Belsize Primary School	Primary	Camden, London	1 September 2013	Free School
Abbey Woods Academy	Primary	Berinsfield, Oxfordshire	1 September 2013	Sponsored
Judith Kerr Primary School	Primary	Southwark, London	1 September 2013	Free School
Lincoln Carlton Academy	Primary	Lincoln	1st October 2013	School Competition

<sup>1</sup> Enfield Heights joined on 1 September 2012. However, the land for the school was acquired on 16 July 2012 and so the value of the land was therefore included in last year's financial statements as a donation.

#### 1.4. Chairs of Local Governing Bodies and Principals as at 31 August 2013

- Local Governing Bodies and Principals have delegated authority, as set out in the Scheme of Delegation.
- Principals also have a remit similar to an accounting officer role in relation to their own schools. The names of the Chairs of Governors and Principals as at 31 August 2013 are set out below:

Academy	Chair of Governors	Principal
All Saints Junior School	Katherine Knight	Susannah Daniel
Benjamin Adlard Primary School	Leigh Bembridge	Bernadette Glabus
Boston West Primary Academy	Andy Fisher	Mike Schofield
Danum Academy	Eleanor Hammill	Kelvin Simmonds
Ely College	Ben Gibbs	Catherine Jenkinson-Dix
Enfield Heights Academy	Neil McIntosh	Lisa Fidler
Grampian Academy	Stuart Malkin	Chris Perkins
Meadow Park Academy	Nathan Crawley-Lyons	Stephen Hardy
Mount Street Academy	Sharon Birch	Lauren Nicoll (Executive Head – Marie Claire Bretherton)
Oakbank	David Knott	Nick Dorey
Oxford Spires Academy	Tony Brett	Sue Croft
Queensbury Academy	Maxine Ward	Olly Button
Sir John Gleed School	David Rich	Will Scott
Stamford Queen Eleanor School	Jonathan Selwyn	Wendy Hamilton
The Deepings School	Jonathan Theobalds	Chris Beckett

#### 1.5. Bankers and Professional Advisers

##### 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

**Veale Wasbrough Vizards**  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

**ClarksLegal**  
One Forbury Square  
The Forbury  
Reading  
Berkshire  
RG1 3EB  
ENGLAND

**Browne Jacobson**  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

**Winckworth Sherwood LLP**  
Minerva House  
5 Montague Close  
London SE1 9BB

**Auditors**

**BDO LLP**  
2 City Place  
Beehive Ring Road  
Gatwick, West Sussex  
RH6 0PA

## **2. INTRODUCTION**

The Trustees of CfBT Schools Trust, as directors of the charity for the purposes of the Companies Act, present their Annual Report, which includes audited Financial Statements, for the year to 31 August 2013.

This document explains the role of the Trust and tells the story of our work over the period in question.

## **3. STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **3.1. Constitution**

CfBT Schools Trust is a company limited by guarantee, without share capital, and was incorporated on 13 December 2010.

The principal activity of the Trust is to advance, for the 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.

The company's Articles of Association are the primary governing documents of the Trust and they also reflect the governance scheme required by the Department for Education.

As well as taking on a governance scheme required by the Department, CfBT Schools Trust has entered into a Master Funding Agreement with the Secretary of State for Education which places certain obligations both on the Trust and the Department for Education in relation to the establishing, managing and developing of the Academies in the

Trust. A Supplemental Funding Agreement for each Academy in the Trust has also been entered into between the Secretary of State and the Trust. In addition, the Secretary of State, CfBT Education Trust and CfBT Schools Trust have signed a Tripartite Agreement which sets out how the three organisations will interact.

The Department for Education is the principal regulator for the charity. CfBT Schools Trust is therefore an exempt charity and is not required to register with the Charity Commission. The majority of the Trust's income is paid on behalf of the Department for Education by the Education Funding Agency ("EFA"), under the funding agreements.

### **3.2. Members**

During the period under review, the Charity had two Members, CfBT Education Trust and the Chair of CfBT Schools Trust Board of Trustees.

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

### **3.3. Board of Trustees**

#### *Appointment of Trustees*

The Articles provide for the following membership of the Board:

- at least three trustees appointed by CfBT Education Trust;
- two trustee elected by and from the Chairs of Governors of all the local governing bodies;
- one trustee elected by and from the head teachers of the member Academies;
- the Accounting Officer of CfBT Schools Trust;
- three trustees may also be co-opted by the Board.

Trustees are appointed subject to the Articles and are subject to retirement after four years but are eligible for appointment at the meeting at which they retire.

The training and induction provided for new trustees depends on their existing experience. The induction process includes meetings with the Chair as well as written induction materials and relevant training. Trustees also make visits to the academies.

No trustee received any remuneration from the Trust in respect of his or her duties as a trustee during the period.

Details of the Trustees who served throughout the year (except as noted) are set out in Section 1.

#### *Service by Trustees*

The Board of Trustees meets quarterly to determine the Trust's strategy and policies and to review performance, delegating specific responsibilities to the Local Governing Bodies of each Academy in the Trust. The Board exercises its powers and functions with a view to fulfilling its strategic leadership role in the running of the Trust. In doing so, it considers advice given by the Local Governing Bodies and addresses such matters as:

- policy and strategic development;

- ensuring sound management and administration of the Trust;
- ensuring compliance with legal and statutory requirements;
- establishing and maintaining effective internal controls;
- overseeing the management of all resources;
- the monitoring of performance;
- helping the Trust to be responsive to the needs of parents, carers and the communities;
- setting the Trust's standards of conduct and values; and
- assessing and managing risk.

#### *Trustee Indemnity Assurance*

Trustee Indemnity Insurance provides insurance cover for charity trustees against claims which may arise from their legitimate actions as trustees. As a matter of law, charities require authority to purchase this type of insurance. In the case of CfBT Schools Trust, that authority is obtained from the Trust's governing document – its Articles.

#### *Committees*

In accordance with the requirements of the Department for Education governance scheme, the Trust has constituted Advisory Committees for each school in the Trust and has designated the Advisory Committees as Local Governing Bodies. The Trust also has an Audit Committee.

### **3.4. Roles Required Under The DfE Governance Scheme**

Anna Crispin became Accounting Officer on 12 September 2012.

During the year under review, the Responsible Officer function was performed by the internal audit function of CfBT Education Trust and by other qualified accountants engaged by the Trust. The Trust has an Audit Committee and is also establishing a Finance Committee in order to provide robust oversight of the financial regularity of all schools. This will ensure that the Trust is fully compliant with the new Academies Financial Handbook regulations which come into force in September 2013.

### **3.5. Organisational Structure**

The Trust has established a structure to enable its efficient running. The structure consists of 3 levels. the Board and its Committees, the Executive, and Local Governing Bodies and Principals (with their senior leadership teams) at each Academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Executive is responsible for implementing the policies laid down by the Trustees and reporting back to them.

The Local Governing Bodies are made up of a mix of local people including parents, staff and sponsor nominees.

The Principals and their senior leadership teams form the senior management at each Academy.



A scheme of delegation laid down by the Trustees defines the roles and responsibilities at each level of the governance structure.

### 3.6. Executive

The central executive function of the Trust is performed by the Director of Schools and Accounting Officer – Anna Crispin - supported by a team of senior managers. Anna Crispin joined CfBT in August 2012. The executive also draws on other expertise within the CfBT group of companies to support activities as the Trust evolves.

The executive currently meets monthly to review the work of the Trust and its development.

Role	Name
Director of Schools (Accounting Officer)	Anna Crispin
Finance Director (Principal Finance Officer)	Richard Birkett
Head of Operations	Katia Major
Head of Free and New Schools	Jayne Soanes

The executive currently meets monthly to review the work of the Trust and its development.

### 3.7. Local Governing Bodies

#### *Role*

Under the Master Funding Agreement, the Trust is required to establish, for each Academy, an Advisory Body, whose role is to provide advice to the Trust in relation to the functioning of that Academy. In accordance with its Articles, the Trust may additionally constitute the Advisory Body as the Academy's Local Governing Body. The Trust has chosen to do so and has devolved responsibility for day-to-day academy governance under an agreed Scheme of Delegation to the Local Governing Bodies.

Each Local Governing Body has responsibility for setting policies specific to its Academy, annual plans and budgets for the Academy and recommending these to the Board for approval.

#### *Membership*

For Converting Schools, the Trust Board usually accept nominations from the existing school's Local Governing Body, unless significant governance issues arise.

For Intervention (or Sponsored) Academies, the Board has the right to replace the entire Local Governing Body. This right is exercised only in the most exceptional circumstances.

For Free Schools, the Trust works with the Principal Designate and the school team to appoint an appropriate Local Governing Body in advance of the school opening.

The names of the current Chairs of Governors of Local Governing Bodies are set out in Section 1.

As the ultimate point of accountability for the performance of member academies, the CST Board monitors and challenges Governing Bodies, and will intervene, where required, to support school improvement.

### **3.8. Principals / Head Teachers**

Principals are responsible for the effective management (including financial management) of their schools. The names of the current Principals are set out in Section 1.

### **3.9. Staff**

The Trust employed 1,000 staff on average through the period. The Trust 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, creed, sexual preference or national origin.

During the period under review, the Trust, through the Academies, has 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 during the school year.

Regular staff meetings and briefings take place at the Academy level and Principals and other key staff from each Academy meet regularly to share knowledge and best practice.

### **3.10. Equality**

The Trust 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 the Trust to support the recruitment and retention of employees and students with disabilities by making resources available and through training and career development.

### **3.11. Parents and Carers**

In order to achieve maximum potential in its pupils, the Trust believes it is vital that parents/carers are fully involved in developing our schools but also in holding them to account. The schools also 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. The Trust's annual assessment will include a measurement of parent/carer satisfaction with the school.

### **3.12. Parent Company**

The Company is a subsidiary of CfBT Education Trust, a company limited by guarantee and registered charity.

CfBT Education Trust, the Trust's parent company, is assisting the Trust to achieve its objectives of providing education within the academies programme and the Trust purchased services from CfBT Education Trust totalling £1.57 million during the year ended 31 August 2013.

### **3.13. Connected Organisations Including Related Party Relationships**

In respect of specific schools, the Trust enters into partnerships with other organisations, for example:

- Oxford Spires works closely in partnership with Oxford and Cherwell College as well as with the Local Authority;
- All Saints Junior School has been designed and developed in close partnership with the All Saints Action Group, a group of parents and community representatives;

- Mount Street Academy works with up to 27 organisations as part of their Teaching Alliance work;
- Grampian is supporting St. John Fisher Academy (Primary) in Derby, in their efforts to get to Good and their introduction of a team teaching approach.
- Benjamin Adlard is in a collaborative partnership with two non-CST schools in Gainsborough.

The schools pay a membership fee to be a part of the Trust in order to contribute to the costs of governance and general management of the Trust including financial management and the provision of support services which it is more efficient to provide from the centre.

### **3.14. Risk Management**

Information on major risks and systems and procedures to manage those risks is set out in Section 7.

## **4. OBJECTIVES AND ACTIVITIES**

### **4.1. Principal Activity**

The principal activity of CfBT Schools Trust (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. CfBT Schools Trust was specifically set up by CfBT Education Trust on 13 December 2010 to provide education in academies and free schools.

This has been a really important year for CST seeing the Trust develop in maturity and consolidate on early growth. The Trust's Vision and Mission have been re-shaped and emphasised following the arrival of a new Chair, Steve Munby – who is also the CEO of the parent company CfBT Education Trust, and a new CEO and Accounting Officer, Anna Crispin.

The schools have welcomed the sharpened focus on school to school support and collaboration and have responded enthusiastically. This said, realising this vision is challenging and ensuring that the right financial, operational and accountability framework is in place will require continued effort over the upcoming year. The Trust is committed to keeping membership fees as low as possible and ensuring that core costs to run the Trust are as low as possible.

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

### **4.2. Public Benefit**

In setting the Trust'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 company's aims are demonstrably to the public benefit.

#### 4.3. CST Vision and values

CST vision is to **create a collaborative family of schools who take collective responsibility for inspiring learners to achieve personal and academic excellence.**

CST is a co-led Trust. Representatives from our schools and central team have worked together over the past year to place greater emphasis on the sharing of knowledge, support and collaboration in and between schools, to help improve the quality of education for all children and young people.

***We believe that every child in each of our schools has the right to be a powerful learner and to achieve their potential and we are committed to every school moving towards being excellent. Our group of schools is co-led by school leaders themselves. We are passionate about school to school support, making the most of the expertise that exists in each of our schools, with everyone taking collective responsibility for the progress of all schools in the group.***

*Steve Munby, CEO CfBT Education Trust and Chair of CfBT Schools Trust*

Collective responsibility for us means that all member schools support one another and learn with and from one another. In every case our schools are universally committed to working in collaboration to achieve excellence in teaching and learning across the group.

**And the values that govern everything we do are:**

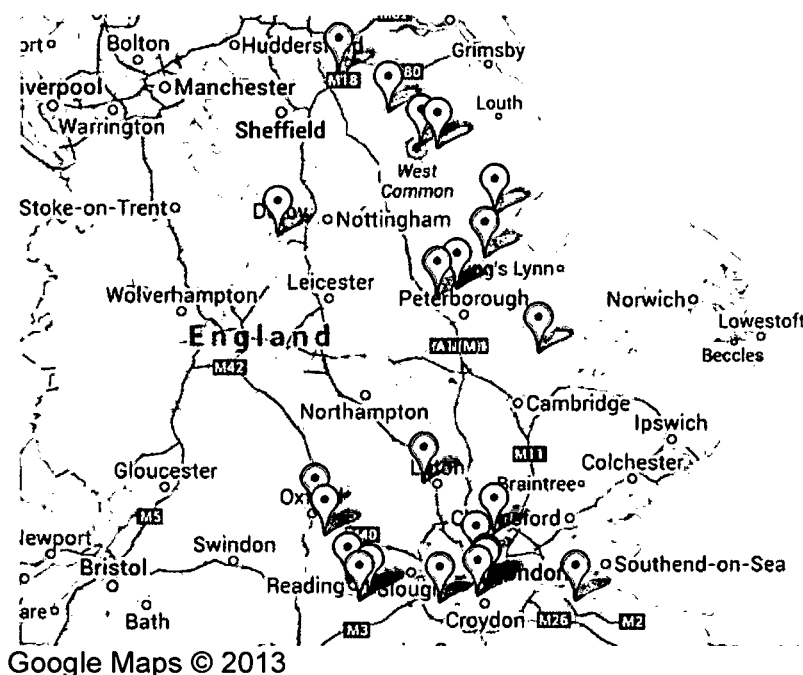
- **Excellence** in learning outcomes, our people and our solutions;
- **Integrity** in the way we build trust and bring purpose to our work as an education charity;
- **Accountability** through rigorous and transparent assessment of our performance.
- **Collaboration** in the way we take collective responsibility for each other and for the way we work together to achieve our overarching vision

#### 4.4. Membership of the Trust

For the period of this report CST consisted of 15 schools (not including St Marks Academy which legally sits under CfBT Education Trust).

They include: infant, primary, upper, secondary and sixth forms, which serve a wide range of communities in the Thames Valley and East Midlands areas.

**Our schools are located in the following areas:**



## KEY

CST secondary schools

CST primary schools

CfBT Independent primary schools – *shown to reflect knowledge sharing across organisations.*

## 5. ACHIEVEMENTS AND PERFORMANCE

### 5.1. Trust Achievements and Performance

A key focus for this year has been the consolidation of the Trust's infrastructure and a drive to consolidate the cluster areas. The Trustees focus is on enabling schools to work and support each other by ensuring that each cluster area has appropriate capacity to develop in a sustainable way.

The emerging cluster areas are shown below (Light blue schools are not in the current reporting year.)

#### EAST MIDLANDS

East Midlands (Secondary)	East Midlands (Primary)
<b>The Deepings:</b> Outstanding <b>Ely College:</b> Good <b>Stamford Queen Eleanor School:</b> Requiring improvement <b>Danum Academy:</b> Special Measures <b>Sir John Gleed School:</b> Special Measures	<b>Mount Street Academy:</b> Outstanding <b>Benjamin Adlard Primary School:</b> Requiring improvement <b>Boston West Academy:</b> Good <b>Grampian Primary Academy:</b> Awaiting Ofsted <b>Lincoln Carlton Academy:</b> School competition

#### THAMES VALLEY

Thames Valley (Secondary)	Thames Valley (Primary)
<b>Oxford Spires Academy:</b> Good <b>Queensbury Academy:</b> Satisfactory progress <b>Oakbank School:</b> Free School	<b>All Saints Junior School:</b> Outstanding <b>Enfield Heights Academy:</b> Free School <b>Abacus Belsize Primary School:</b> Free School <b>Judith Kerr Free School:</b> Free School <b>Meadow Park Academy:</b> Satisfactory progress <b>Abbey Woods Academy:</b> New sponsored

**NB:** St Mark's Academy: 'Good' is in the Thames Valley cluster.

Significant Trust success has been in the implementation of a comprehensive operating framework which means that all schools have a clear membership agreement, defining what it means to be a part of CST, what services they can expect to receive and what they in turn commit to the Trust and other CST schools.

The relationship between the Trust and each school is defined through the scheme of delegation that runs from the Trustees through to each school's Local Governing Body into the school itself. This is a key vehicle for providing oversight, support and if appropriate, intervention to each CST school.

The emergence of a school to school infrastructure is also starting to reap benefits with examples such as:

- The Head of one 'Outstanding' secondary school taking on the Trust Adviser role for a Thames Valley school that has recently moved to 'Good'.
- The Head of a primary school is providing mentoring support to a new Head of a primary in 'Special Measures' with the benefit of being able to share his own journey to achieving 100% L4 results.
- A group of schools in one cluster have joined through Teaching Alliance activities and are looking at how some of these activities could be replicated within the Trust.
- One of our large secondary schools is starting to take on transactional financial activities for several CST primaries who are in the same cluster area.

We are proud of the ways that our schools are starting to work together, crossing geographical and phase boundaries to ensure that savings can be made and best practice shared.

## **5.2. Academy Achievements and Performance**

This is the second year of the Trust as a multi academy chain, with 15 member schools by the end of the year.

Oxford Spires Academy joined the Trust on 1<sup>st</sup> January 2011 as a sponsored academy. The school was visited by Ofsted in July 2013 and was judged to be a good school: an ambitious and rapidly improving academy, where the dedicated and energetic Principal and her team have successfully raised standards of students' progress, behaviour and well-being since the academy opened.

As one of the first free schools in the UK, All Saints Junior School opened on 6 September 2011 with its first cohort of Year 3 pupils. Towards the end of its second year, in July 2013, it was inspected by Ofsted and judged to be an outstanding school, where pupils demonstrate a substantial love of learning and have very high expectations of themselves.

The Deepings School joined the Trust on 1 February 2012. The school was inspected by Ofsted in May 2013 and judged to be an outstanding school where students make excellent progress.

Ely College joined the Trust on 1 January 2012. GCSE results this year rose again, with 54% achieving 5 or more A\*-C grades including English and mathematics. The school was inspected by Ofsted in February 2013 and judged to have become a good school

where good and improving teaching has come about from the relentless drive and determination of the Principal.

Stamford Queen Eleanor School joined the Trust on 1 November 2011. GCSE results increased this year with 60% of pupils achieving 5 or more A\*-C grades including English and mathematics, up 14 percentage points on last year.

Danum Academy joined the Trust on 1 October 2011. GCSE results increased this year were, with 46% of pupils achieving 5 or more A\*-C grades including English and mathematics.

After joining the Trust in December 2012, 100% of pupils at Grampian Primary Academy achieved the expected level in reading, writing and mathematics at the end of Key Stage 2. At Boston West Academy, which joined the Trust in July 2012, 85% of pupils achieved the expected level in reading, writing and mathematics, well above the provisional national figure of 76%.

Mount Street Academy joined the Trust on 1 October 2011 with provision for early years foundation stage and Key Stage 1 pupils and two new free schools Enfield Heights Academy and Oakbank opened in September 2012 and welcomed their first reception and Year 7 cohorts.

Queensbury Academy in Bedfordshire joined the Trust in September 2012 following a judgement of Special Measures from Ofsted and regardless of the challenges of opening as an Academy and a significant restructure saw results rise by 2% to 56%.

St Marks Church of England Academy, which works closely with CST schools, was inspected by Ofsted in October 2012 and was judged to be a good school where students make good progress and enjoy school.

## **6. LOOKING FORWARD**

The Trust is not currently looking to rapidly extend its family of academies and Trustees are choosing to take a measured approach to growth for 2013/14.

Focus will be on securing robust support for all underperforming schools and ensuring that there is appropriate capacity in every cluster area to deliver sustained improvement in every school.

Other opportunities to work in partnership with parent and community groups to develop proposals for Free Schools are continued to be sought, with a view to opening further Free Schools in 2014 and in 2015. These Free Schools will complement the existing footprint of CST schools.

In financial and risk-management terms, there is further work to be done to improve the effectiveness, efficiency and robustness of financial management and reporting.

## 7. FINANCIAL REVIEW

### 7.1. 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.

### 7.2. Financial and Risk Management Objectives and Policies

Grants to individual academies from the DfE and other sources are delegated to those academies in full.

All schools pay a membership fee to contribute to the costs of governance and general management of the Trust including financial management and the provision of support services which it is more efficient to provide from the centre.

The Trust has cash balances and other working capital balances. The main risk arising from the Trust's financial instruments is therefore liquidity risk and the Trust considers that other risks are low or non-existent risks and therefore not material to the Trust's financial position.

#### *Liquidity risk*

The Trust's objective is to ensure that there are sufficient cash balances to meet the day-to-day needs of the organisation while investing surplus balances in longer-term fixed-term interest-bearing bank accounts to maximise returns.

#### *Interest rate risk*

In the absence of borrowings and with low prevailing interest rates, the Trust is not exposed to significant interest rate risk.

#### *Financial Market risk*

The Trust's exposure to financial market risk arises primarily from the Trust's exposure to investments made by the Local Government Pensions Funds (but over which the Trust has no control) and the impact that may have on increased contributions.

#### *Credit risk*

This risk relates to credit risk from sales made on credit. However, since the vast majority of income is from Government, credit risk on other items is not material.

#### *Foreign Exchange risk*

As the Trust does not trade overseas, exposure to currency risk is nil.

#### *Pension Risk*

The Trust works with seven Local Government Pension Schemes, all of which have deficits. In addition, on transfer into the Trust of converting or sponsored academies, the Trust has taken on some historic deficits, i.e. attributable to the service of transferring employees up to the date of transfer. This has been recognised as a liability of the Trust, with an equivalent debit to the Statement of Financial Activities within restricted funds.

#### *Other risks*

The Trust is exposed to price risks, but is funded by government on the same basis as other schools and budgets accordingly. Nearly all funding comes from government so the credit risk is considered to be negligible.



### **7.3. Principal Risks And Uncertainties**

The Board of Trustees has reviewed the key risks to which the Trust 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 on-going process for identifying, evaluating and managing the Trust's significant risks was being put in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The principal risk and uncertainty faced by the Trust in the medium term (over the next two to five years) is maintaining and adding pupil numbers as grant funding from the EFA is based on the number of pupils on roll. There is also concern over the changes to the funding arrangements for capital funding and the need to maintain and improve the fabric of the buildings that the Trust is responsible for.

Internally, the Trust continues to work to ensure that all academies in the Trust have robust and effective financial management and reporting systems in place.

### **7.4. Reserves Policy**

The Trust aims to maintain the aggregate of the restricted School Operating Fund and the unrestricted General Fund for the Trust in the range of one to two months of payroll costs. This range will also serve as a benchmark for its schools. The purpose of this level of reserves is to ensure that the schools and the Trust can operate efficiently and without interruption, to meet all obligations as they fall due and with an adequate contingency for emergencies.

The operational reserves of the Trust 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 FRS17 pension costs). The Trust plans to meet any contributions towards pension deficits from operational income received each year.

The free reserves of the Trust 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 2013, the School Operating Fund and the General Fund of the Trust amounted to two months of payroll costs.

The trustees plan to review this policy annually.

### **7.5. Investment Policy**

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

### **7.6. Financial Overview**

During the year, the Trust received net transfers (donations) in respect of the transfer into the Trust of four schools and of the establishment of a free school amounting to £39.3 million as detailed in Note 18. These included fixed asset transfers of £40.6 million, pension deficits amounting to £2.7 million and other assets amounting to £1.4 million.

The company also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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.

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

Total income for the year was £106.5 million and expenditure amounted to £57.0 million. After including the FRS 17 adjustments of £98,000 for the Local Government Pension Scheme, this resulted in a net inflow of funds for the year of £49.4 million.

Total funds at 31 August 2013 are in surplus by £89.5 million, made up of a surplus of £88.2 million within restricted funds and £1.3 million of unrestricted general funds. The restricted funds comprise £93.9 million for the restricted Fixed Assets Fund, £5.6 million on the restricted Schools Operating Funds and a Pension Reserve Fund deficit of £11.3 million.

Of the total income for the year, £62.1 million was obtained as EFA grants, with £3.3 million of income as government grants via local authorities. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The £62.1 million received from the EFA was a combination of the General Annual Grant of £45.9 million, Start Up grants of £1.1 million, capital grants of £12.1 million and other grants of £3.0 million.

Almost all expenditure relates to the Trust's educational activities, with a small amount - £223,000 - identified as governance costs (see note 9). £34.2 million of expenditure was for teaching and educational support staff and £3.6 million of other direct costs. The remaining £19.0 million of costs covers support staff, maintenance, cleaning, catering, insurance and all other occupancy and support costs.

At 31 August 2013, the net book value of fixed assets was £92.7 million and movements in tangible fixed assets are shown in note 13 to the financial statements. Grants for fixed assets, in accordance with SORP 2005, are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

## **8. GOVERNANCE STATEMENT**

### **8.1. Scope of Responsibility**

As the Board of Trustees, we acknowledge that 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 Accounting Officer in the first instance, 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 agreements between CfBT Schools Trust and the Secretary of State for Education. He / she is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Under an agreed Scheme of Delegation, the Principals of each Academy in the Trust (as accounting officers for their school) are also responsible for reporting to the Local Governing Body, and thence to the Board of Trustees, any material weaknesses or breakdowns in internal control.

### **8.2. Governance**

In relation to the Annual Report and Financial Statements information on governance is set out in section 3 and in section 9 of this Report.

### **8.3. Risk Management**

The Trustees are responsible for identifying risks faced by the Trust, establishing procedures to mitigate these risks, and ensuring that employees are aware of these procedures and of the implications of failing to implement them.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the development of new buildings, the opening of free schools or transition into the Trust of converting or sponsored academies, teaching, provision of facilities, and other operational areas of the Academies and their finances.

The Trustees are in the process of ensuring that the inherited system to assess the risks that the Trust faces, especially in relation to new buildings, in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips), and the control of finance are robust and fit for purpose.

Operational procedures are in place (e.g. DBS vetting of new staff and visitors, supervision of academy grounds) and internal financial controls are being strengthened in order to minimise risk.

### **8.4. 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 provide reasonable and not absolute assurance of effectiveness. The system of internal control is being designed to identify and prioritise the risks to the achievement of the Trust's 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.

### **8.5. Capacity to Handle Risk**

The Trustees are of the view that there is now a formal ongoing process for identifying, evaluating and managing significant issues and risks. This process will be reviewed regularly by the Trustees.

### **8.6. Risk and Control Framework**

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular, it includes:

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

Whilst basic systems have been implemented to achieve these goals, further work is needed to ensure that every school reaches the same level of competence in these areas as the best.

In line with the Academies Financial Handbook 2013, the Board of Trustees have appointed Streets Chartered Accountants to perform the Responsible Officer ('RO') function during the year.

These reviews are designed to examine the effectiveness of internal control processes across the schools and to provide recommendations on the strengthening of the control environment.

The final Streets reports are submitted to the CST Audit Committee and the follow up actions are shared with the Board of Trustees and the Local Governing Bodies. Any school requiring improvement has had to complete an action plan and will receive a follow up visit and review.

The RO's reports have made clear that incoming schools have limited experience in standard accounting procedures, some having relied for the most part on local authority financial management. This is particularly difficult for schools which join in the middle of the academic year - having done cash-based budgets with the local authority but are now having to produce management account reports on an accruals basis. In similar fashion, schools have no experience of the management of control accounts.

### **8.7. Review of Effectiveness**

The Accounting Officer has responsibility for ensuring the effectiveness of the system of internal control.

During the period in question a review of the systems has been informed by:

- the work of Streets who conducted internal reviews of all schools;
- the work of the external auditor;
- the work of the Trust Advisers who report on educational performance
- the financial management process and governance self-assessment process;
- reporting from the Principals within the Trust.
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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 systems is being put in place.

## 9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Board of Trustees (who are also directors for the purposes of the Companies Act 2006) is responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The report and accounts have been prepared in accordance with the Charity's Articles and Statement of Recommended Practice 'Accounting and Reporting by Charities', published by the Charity Commission in 2005 ("SORP 2005"), guidance issued by the Education Funding Agency ("EFA") set out in the Academies Financial Handbook and all current statutory requirements.

The Board of Trustees is also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity and company law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. The Trustees have a reasonable expectation that the grant funding from the Department for Education will continue for the foreseeable future and that therefore the charity will continue in existence for the foreseeable future. They have therefore used a going concern basis in preparing the financial statements.

In preparing those financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in SORP 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Trustees have overall responsibility for keeping proper accounting records that show and explain the Charitable Company's transactions, 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 also 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 good financial management. They are also responsible for ensuring that grants received from the Department for Education through the Education Funding Agency have been applied for the purposes intended.

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Trustees are not aware of any relevant audit information of which the auditor is unaware.

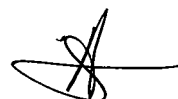
The Trustees are responsible for the maintenance and integrity of the financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 12 December 2013 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'S. Munby'.

Steve Munby

**Chair**

A handwritten signature in black ink, appearing to read 'Anna Crispin'.

Anna Crispin

**Accounting Officer**

## 10. STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of CfBT Schools Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 Board of Trustees have the capacity to be able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that, except for the matter listed below, no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

- The Trust had two instances of credit card balances not being paid by direct debit. The amounts were immaterial. Inadvertently the Trust effectively borrowed funds for a short period of time, breaching the Academies Handbook rules. The Trust did not suffer an interest charge on the amounts and the system has been rectified.



Anna Crispin  
**Accounting Officer**

Date: 12 December 2013



## **11. INDEPENDENT AUDITOR'S REPORTS**

### **11.1. Independent Auditor's Report To The Members Of CfBT Schools Trust**

We have audited the financial statements of CfBT Schools Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency ("EFA").

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

#### ***Respective responsibilities of trustees and auditor***

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

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Accounts Direction 2011/12 issued by the EFA; and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

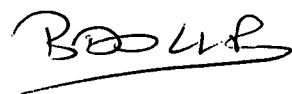
In our opinion:

- the information given in the trustees' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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



James Aston, Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
United Kingdom

Date: 17 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## **11.2. Independent Reporting Auditor's Assurance Report on Regularity to CfBT Schools Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 2 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CfBT Schools Trust during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to CfBT Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to CfBT Schools Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than CfBT Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of CfBT Schools Trust's master funding agreement with the Secretary of State for Education dated 21 December 2010 and the Academies Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

### Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



BDO LLP  
Chartered Accountants  
Gatwick  
United Kingdom

Date: 17 December 2013

**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 31 August 2013

		General Fund Unrestricted	School Operating Fund Restricted	Fixed Assets Fund Restricted	Pension Reserve Fund Restricted	Total 2013	Total 2012
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>							
<i>Incoming resources from generated funds:</i>							
Voluntary income - transfer on conversion	2 / 18	78	1,329	40,636	(2,683)	39,360	39,992
- other donations	2	227	-	-	-	227	198
Activities for generating funds	3	420	228	-	-	648	524
Investment income	4	-	-	-	-	-	-
<i>Incoming resources from charitable activities:</i>							
Funding for the Trust's educational operations	5	819	53,317	12,143	-	66,279	32,397
<b>Total incoming resources</b>		<b>1,544</b>	<b>54,874</b>	<b>52,779</b>	<b>(2,683)</b>	<b>106,514</b>	<b>73,111</b>
<b>RESOURCES EXPENDED</b>							
<i>Cost of generating funds:</i>							
Fundraising trading	7	100	-	-	-	100	42
<i>Charitable activities:</i>							
Trust's educational operations	8	834	50,729	4,710	450	56,723	29,786
Pension liabilities taken on with transfers into Trust	8 / 18	-	-	-	-	-	1,358
Governance costs	9	-	223	-	-	223	346
<b>Total resources expended</b>	7	<b>934</b>	<b>50,952</b>	<b>4,710</b>	<b>450</b>	<b>57,046</b>	<b>31,532</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>610</b>	<b>3,922</b>	<b>48,069</b>	<b>(3,133)</b>	<b>49,468</b>	<b>41,579</b>
Gross transfers between funds	16	-	(1,275)	1,275	-	-	-
<b>Net income for the year</b>		<b>610</b>	<b>2,647</b>	<b>49,344</b>	<b>(3,133)</b>	<b>49,468</b>	<b>41,579</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>							
Actuarial / (losses) on defined benefit pension schemes	23	-	-	-	(98)	(98)	(1,219)
<b>Net movement in funds</b>		<b>610</b>	<b>2,647</b>	<b>49,344</b>	<b>(3,231)</b>	<b>49,370</b>	<b>40,360</b>
<b>Funds brought forward at 1 September 2012</b>		<b>650</b>	<b>2,991</b>	<b>44,529</b>	<b>(8,089)</b>	<b>40,081</b>	<b>(279)</b>
<b>Funds carried forward at 31 August 2013</b>		<b>1,260</b>	<b>5,638</b>	<b>93,873</b>	<b>(11,320)</b>	<b>89,451</b>	<b>40,081</b>

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

The accompanying notes are an integral part of these financial statements.

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

**BALANCE SHEET**  
**As at 31 August 2013**

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>FIXED ASSETS</b>					
Tangible assets	13		92,746		44,516
<b>CURRENT ASSETS</b>					
Stock		66		58	
Debtors	14	4,545		3,142	
Cash at bank and in hand		<u>14,330</u>		<u>6,411</u>	
		18,941		9,611	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	<u>(10,916)</u>		<u>(5,957)</u>	
<b>Net current assets</b>			8,025		3,654
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>100,771</u>		<u>48,170</u>
Pension scheme liability	23		(11,320)		(8,089)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>	19		<u>89,451</u>		<u>40,081</u>
<b>FUNDS OF THE TRUST:</b>					
<b>RESTRICTED FUNDS</b>					
Fixed assets fund	16	93,873		44,529	
School operating fund	16	5,638		2,991	
Pension reserve fund	16	(11,320)		(8,089)	
<b>Total restricted funds</b>			88,191		39,431
<b>UNRESTRICTED FUNDS</b>					
General fund	16	<u>1,260</u>		<u>650</u>	
<b>Total unrestricted funds</b>			1,260		650
<b>Total funds</b>	16		<u>89,451</u>		<u>40,081</u>

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of Trustees on 12 December 2013 and signed on its behalf by:



Steve Munby  
Chairman

**CASH FLOW STATEMENT**  
For the year ended 31 August 2013

	Note	2013 £'000	2012 £'000
<b>RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Net income for the year		49,468	41,579
Transfer of property		(40,636)	(42,263)
Transfer of loan		118	-
Transfer of pension		2,683	5,759
Depreciation	13	4,312	999
Capital grants from DfE and other capital income		(12,143)	(2,902)
FRS 17 pensions costs		450	150
(Increase) in stocks		(8)	(58)
(Increase) in debtors		(1,403)	(2,821)
Increase in creditors		2,823	3,976
Increase in provisions		-	-
<b>Net cash inflow from operating activities</b>		<b>5,664</b>	<b>4,419</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible fixed assets		(9,671)	(2,068)
Capital grants from DfE / EFA		12,143	2,902
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>2,472</b>	<b>834</b>
<b>Net cash inflow before management of liquid resources</b>		<b>8,136</b>	<b>5,253</b>
<b>Management of liquid resources</b>			
Repayment of loans		(217)	-
<b>Net cash outflow from management of liquid resources</b>		<b>(217)</b>	<b>-</b>
<b>Increase in cash in the year</b>		<b>7,919</b>	<b>5,253</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
Increase in cash in the year		7,919	5,253
Decrease in loans in the year		217	-
<b>Change in net funds resulting from cash flows</b>		<b>8,136</b>	<b>5,253</b>
Loans acquired with new academies		(118)	-
<b>Movement in net funds in the year</b>		<b>8,018</b>	<b>5,253</b>
Net funds at 1 September 2012		6,197	944
<b>Net funds at 31 August 2013</b>		<b>14,215</b>	<b>6,197</b>
<b>Analysis of changes in net funds</b>			
	Cash at bank and in hand £'000	Debt due less than 1 year £'000	Total £'000
<b>At 1 September 2012</b>	6,411	(214)	6,197
Cash inflow	7,919	217	8,136
Non cash changes	0	(118)	(118)
<b>At 31 August 2013</b>	<b>14,330</b>	<b>(115)</b>	<b>14,215</b>

The non-cash changes relate to loans taken on when academies converted

The accompanying notes are an integral part of these financial statements.

## **PRINCIPAL ACCOUNTING POLICIES**

1

### **Format of financial statements**

The standard format for the financial statements as required by Part 15 of the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and reflects the activities of the Trust.

### **Basis of accounting**

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

### **Going Concern**

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

## **INCOMING RESOURCES**

### **Grants receivable**

Grants are included in the statement of financial activities on an accruals basis. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet.

### **Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis.

### **Donations**

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

### **Other income**

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

### **Resources expended and the basis of apportioning costs**

Resources expended are recognised in the period in which they are incurred and include irrecoverable / non-reimbursable VAT. They have been classified under headings that aggregate all costs relating to that activity. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources. Central costs have been apportioned on the basis of the size of the school and the level of support required.

### **Allocation of costs**

In accordance with the SORP 2005, expenditure has been analysed between the Trust's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

### **Governance costs**

Governance costs include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including internal and external audit, legal advice and trustee costs.

### **New Academies**

The conversion from state maintained schools to academies and their joining the Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and have been accounted for under the acquisition accounting method.

The assets and liabilities transferred on joining the Trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for CfBT. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted fund, restricted schools operations fund, restricted fixed asset fund and restricted pension fund. Further details of the transactions are set out in note 25.



## 1 PRINCIPAL ACCOUNTING POLICIES (continued)

### Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight-line basis beginning in the year in which the asset is brought into use at the following annual rates:

Freehold property whichever is the shorter.	Over a period of 30 years or expected remaining useful economic life. Land is not depreciated.
Long-term leasehold property depreciated over	Buildings over a period of 30 years or expected remaining useful economic life whichever is the shorter. Land related to a long term lease over is the period of the lease.
Leasehold improvements	Over lease term or remaining contract period, whichever is shorter.
Motor vehicles	25% per annum
Office furniture and equipment	20% per annum
Computer equipment	33% per annum
IT infrastructure and system software	20% per annum

For office furniture, equipment and computer equipment acquired second hand, the depreciation rate is 50% straight line.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The costs of assets being constructed are capitalised but not depreciated until they are completed.

### Fund accounting

The unrestricted general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

### Leased assets

Rentals under operating leases are charged in the year they are incurred over the lease term.

### Taxation

The Trust is a charity and accordingly is exempt from taxation on its charitable activities which fall within the scope of section 505(1) of the Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992. The cost of any irrecoverable / refundable VAT incurred by the Trust has been included in the Statement of Financial Activities.

### Pensions

Trust staff are members of one of the following multi-employer defined benefit pension schemes. More details of the schemes are given in note 21.

#### Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme ("TPS"). The TPS, a statutory, contributory, final salary scheme is administered by Teachers' Pensions. As the TPS is unable to identify the Trust's share of the underlying (notional) assets and liabilities of the scheme, the Trust has taken advantage of the exemption in Financial Reporting Standard (FRS17) and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Trust in the year.

#### Local Government Pension Scheme

Non-teaching members of staff working in the academies are offered membership of the Local Government Pension Scheme (LGPS) of the Local Authority in which the particular Academy is located. The LGPS is a defined benefit pension scheme and is able to identify the Trust's share of assets and liabilities and requirements of the FRS 17 Retirement Benefits have been followed.

The Trust's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

## 2 VOLUNTARY INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Transfer of school funds	78	-	78	237
Settlement from Local Authority on conversion	-	1,329	1,329	1,893
Transfer value of property/pension/fixed Assets	-	37,953	37,953	37,862
Other donations	227	-	227	198
	<u>305</u>	<u>39,282</u>	<u>39,587</u>	<u>40,190</u>

### 3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Hire of facilities	193	-	193	130
Uniform sales	79	-	79	74
Sundry income	148	228	376	320
	<u>420</u>	<u>228</u>	<u>648</u>	<u>524</u>

### 4 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Short term deposits	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 5 FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
<b>DfE / EFA / other capital grants</b>				
Devolved Formula capital allocations	-	212	212	2,902
Other DfE / EFA grants	-	11,731	11,731	-
Other grants	-	200	200	-
	<u>-</u>	<u>12,143</u>	<u>12,143</u>	<u>2,902</u>
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	45,884	45,884	26,172
Start Up grants	-	1,092	1,092	1,155
Pupil Premium	-	1,535	1,535	357
Other DfE / EFA grants	-	1,503	1,503	37
	<u>-</u>	<u>50,014</u>	<u>50,014</u>	<u>27,721</u>
<b>Other Government grants</b>				
Local Authority grants	-	1,847	1,847	921
Other grants	-	1,417	1,417	420
	<u>-</u>	<u>3,264</u>	<u>3,264</u>	<u>1,341</u>
<b>Other income</b>				
Catering	803	-	803	433
Other	16	39	55	-
	<u>819</u>	<u>39</u>	<u>858</u>	<u>433</u>
	<u>819</u>	<u>65,460</u>	<u>66,279</u>	<u>32,397</u>

### 6 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the individual academies within the Trust were subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises / capital purposes.

The following academy exceeded the limits during the year ended 31 August 2013:

Sir John Gleed School

All other academies within the Trust that were subject to limits did not exceed them.

## 7 RESOURCES EXPENDED

	--- Non Staff Costs Expenditure ---				Total	Total
	Staff Costs	Premises	Supplies & Services	Other Costs	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of activities for generating funds	-	-	100	-	100	42
Trust's educational operations						
Direct costs	34,219	-	3,584	-	37,803	22,673
Allocated support costs	7,428	2,912	8,580	-	18,920	8,471
Implementation costs	-	-	-	-	-	-
	<u>41,647</u>	<u>2,912</u>	<u>12,264</u>	<u>-</u>	<u>56,823</u>	<u>31,186</u>
Governance costs including allocated support costs	-	-	-	223	223	346
	<u>41,647</u>	<u>2,912</u>	<u>12,264</u>	<u>223</u>	<u>57,046</u>	<u>31,532</u>
Net Incoming/outgoing resources for the year include:					2013	2012
					£'000	£'000
Operating leases - land and buildings					15	31
- other					174	-
Fees payable to auditor - audit					<u>55</u>	<u>68</u>

## 8 CHARITABLE ACTIVITIES - EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Total	Total
	£'000	£'000	£'000	£'000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	34,219	34,219	19,166
Teaching - pension liabilities taken on with transfers into the Trust	-	-	-	1,358
Educational supplies	-	572	572	177
Examination fees	-	802	802	530
Staff development	-	195	195	89
Educational consultancy	-	771	771	795
Other direct costs	31	1,213	1,244	558
	<u>31</u>	<u>37,772</u>	<u>37,803</u>	<u>22,673</u>
<b>Allocated support costs</b>				
Support staff costs	760	6,668	7,428	3,355
Depreciation	-	4,312	4,312	999
Recruitment and support	-	323	323	161
Maintenance of premises and equipment	-	1,923	1,923	855
Cleaning	-	599	599	274
Rent and rates	-	390	390	108
Insurance	-	580	580	285
Security and transport	-	274	274	52
Catering	43	762	805	413
Bank charges	-	1	1	-
Other support costs	-	2,285	2,285	1,969
	<u>803</u>	<u>18,117</u>	<u>18,920</u>	<u>8,471</u>
<b>Total</b>	<u>834</u>	<u>55,889</u>	<u>56,723</u>	<u>31,144</u>

## 9 GOVERNANCE COSTS

	Unrestricted Funds	Restricted Funds	Total	Total
	£'000	£'000	£'000	£'000
Legal and professional fees	-	117	117	260
Auditors' remuneration				
Audit of financial statements	-	55	55	68
Responsible officer audit	-	-	-	9
Internal audit	-	32	32	6
Support staff costs	-	12	12	-
Trustee and School Governor training	-	3	3	3
Trustees' reimbursed expenses	-	1	1	-
School Governors' reimbursed expenses	-	3	3	-
	<u>-</u>	<u>223</u>	<u>223</u>	<u>346</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 August 2013

**10 STAFF COSTS**

Staff costs during the year were:	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Wages and salaries	654	32,563	33,217	18,087
Social security costs	17	2,277	2,294	1,278
Pension scheme - employer contributions	89	4,287	4,376	2,624
Pension scheme costs	-	450	450	163
	<u>760</u>	<u>39,577</u>	<u>40,337</u>	<u>22,152</u>
Supply teacher costs	-	1,007	1,007	369
Compensation and redundancy payments	-	303	303	-
	<u>760</u>	<u>40,887</u>	<u>41,647</u>	<u>22,521</u>

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

	2013 No.	2012 No.
Teachers and Teaching Assistants	822	632
Administration and support	216	166
Management	<u>51</u>	<u>47</u>
	<u>1,089</u>	<u>845</u>

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

£60,001 - £70,000	12	3
£70,001 - £80,000	4	3
£80,001 - £90,000	0	1
£90,001 - £100,000	3	0
£100,001 - £110,000	2	0
£110,001 - £120,000	1	0
£120,001 - £130,000	0	0
£130,001 - £140,000	0	0
£140,001 - £150,000	0	1
£150,001 - £160,000	0	0
£160,001 - £170,001	0	0
£170,001 - £180,000	<u>1</u>	<u>0</u>

All of the above employees participated in the Teachers' Pension Scheme or Local Government Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £282,000

**11 TRUSTEES' REMUNERATION AND EXPENSES**

No trustees or persons connected with them have received remuneration during the period for services as a trustee. Steve Munby, Richard Birkett, Anna Crispin, Tony McAleavy, Chris Tweedale, Neil McIntosh and Andy Breckon were paid as employees of CfBT Education Trust and their remuneration is disclosed in the accounts for CfBT Education Trust. The following trustees were paid as employees of CfBT Schools Trust and their remuneration during the year while in office is as shown, Dr Kelvin Simmonds (£159,744), Susannah Daniel (£Nil) and Catherine Paine (£27,413). During the year ended 31 August 2013, travel and subsistence expenses totalling £852 (2012: £Nil) were reimbursed.

**12 DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the premium for 2012 / 2013 was £1,870 (2011 / 2012: £1,776). The cost of this insurance is included in the total insurance cost.

**13 TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Long Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £000
<b>COST</b>						
At 1 September 2012	34,110	10,273	574	513	53	45,523
Additions	8,806	1,932	266	864	38	11,906
Transfers	33,909	6,290	148	284	5	40,636
Disposals	-	-	-	-	-	-
At 31 August 2013	<u>76,825</u>	<u>18,495</u>	<u>988</u>	<u>1,661</u>	<u>96</u>	<u>98,065</u>
<b>DEPRECIATION</b>						
At 1 September 2012	518	190	193	96	10	1,007
Charged in year	1,405	2,028	339	515	25	4,312
Disposals	-	-	-	-	-	-
At 31 August 2013	<u>1,923</u>	<u>2,218</u>	<u>532</u>	<u>611</u>	<u>35</u>	<u>5,319</u>
<b>NET BOOK VALUES</b>						
At 31 August 2013	<u>74,902</u>	<u>16,277</u>	<u>456</u>	<u>1,050</u>	<u>61</u>	<u>92,746</u>
At 31 August 2012	<u>33,592</u>	<u>10,083</u>	<u>381</u>	<u>417</u>	<u>43</u>	<u>44,516</u>

**14 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £'000	2012 £'000
Trade debtors	258	791
Prepayments and accrued income	2,420	248
Pension control	-	16
VAT recoverable	1,829	624
Other debtors	38	1,463
	<u>4,545</u>	<u>3,142</u>

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £'000	2012 £'000
Overdrafts and loans	115	214
Trade creditors	2,490	899
Other taxation and social security	655	523
Amounts owed to parent undertaking	2,028	998
Other creditors	1,238	1,641
Accruals and deferred income	4,390	1,682
	<u>10,916</u>	<u>5,957</u>

**Deferred income ( included in creditors above )**

	2013 £'000	2012 £'000
Deferred income at 1 September 2012	748	71
Resources deferred in the year	893	748
Amounts released from previous years	(748)	(71)
Deferred Income at 31 August 2013	<u>893</u>	<u>748</u>

**16 FUNDS**

	Balance at 31 August 2012 £'000 (As restated **)	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2013 £'000
<b>RESTRICTED SCHOOL OPERATING FUND</b>					
General Annual Grant (GAG)	729	45,884	(43,403)	(1,275)	1,935
Start Up grant	587	1,092	(738)	-	941
Other DfE / EFA grants	-	3,038	(3,038)	-	-
LEA and other grants	-	3,264	(3,264)	-	-
Donations and other income	1,675	1,596	(509)	-	2,762
	<u>2,991</u>	<u>54,874</u>	<u>(50,952)</u>	<u>(1,275)</u>	<u>5,638</u>
<b>RESTRICTED PENSION RESERVE FUND</b>	(8,089)	(2,683)	(450)	(98)	(11,320)
<b>RESTRICTED FIXED ASSETS FUND</b>					
DfE / EFA / Other capital grants	44,529	52,779	(4,710)	1,275	93,873
<b>Total restricted funds</b>	<u>39,431</u>	<u>104,970</u>	<u>(56,112)</u>	<u>(98)</u>	<u>88,191</u>
<b>UNRESTRICTED FUNDS</b>					
General fund	650	1,544	(934)	-	1,260
<b>Total funds</b>	<u>40,081</u>	<u>106,514</u>	<u>(57,046)</u>	<u>(98)</u>	<u>89,451</u>

\*\* Fund balances at 31 August 2012 within the restricted schools operation fund have been restated by the reallocation of £531K General Annual Grant funds to Start Up grant funds.

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

**Restricted school operating fund**

This fund represents grants received for the Trust's operational activities and development. Under the funding agreement with the Secretary of State, the Trust's academies were subject to a limit on the amount of GAG that they could carry forward at 31 August 2013. Note 6 discloses whether the limits were exceeded.

**Restricted pension reserve fund**

The pension reserve relates to the Trust's share of the deficits in Local Government Pension Schemes.

**Restricted fixed assets fund**

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature. The gross transfer from the restricted schools operations fund to the restricted fixed asset fund of £1,275 represents the total capital expenditure paid for from the General Annual Grant.

**Unrestricted funds**

The unrestricted funds represent funds available to the Trustees to apply for the general purposes of the Trust. Unrestricted funds can be used for any purpose covered by the objects of the Trust.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

### 16 FUNDS (continued)

Fund balances at 31 August 2013 were allocated as follows:	£'000
All Saints Junior School - Reading	57
Gainsborough Benjamin Adlard Community School	200
Boston West Primary School	307
Danum Academy	1,692
The Deepings School	923
Enfield Heights Academy	74
City of Ely Community College	73
Grampian Primary School	109
Mount Street Infant Academy	(10)
Meadow Park Academy	(5)
Oakbank School	24
Oxford Spires Academy	1,289
Queensbury Academy	(24)
Stamford Queen Eleanor School	357
Sir John Gleed School	1,925
Central Services	(93)
<b>Total before fixed assets fund and pension reserve fund</b>	<b>6,898</b>
<b>Restricted fixed assets fund</b>	<b>93,873</b>
<b>Pension reserve fund</b>	<b>(11,320)</b>
<b>Total</b>	<b>89,451</b>

The following academies are carrying deficits, the reason and the action being taken by the Trust are as follows:

#### *Mount Street academy*

The academy started the year with a deficit, by the year end this had been significantly reduced. The Trust are working with the academy to bring their reserves back into surplus.

#### *Meadow Park Academy*

The academy joined the Trust in September 2012 with no reserves in place; the Trust are working with the academy to rectify this situation.

#### *Queensbury Academy*

The academy has had government approval to undertake an age range change. The Trust is working in conjunction with the Education Funding Agency to support the academy and their funding needs during this period of transition.

### Analysis of academies by cost

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

	Teaching & educational support staff cost £'000	Other support staff costs £'000	Educational supplies £'000	Other costs ** £'000	Total £'000
All Saints Junior School - Reading	189	9	5	124	327
Gainsborough Benjamin Adlard Community School	627	100	24	271	1,022
Boston West Primary School	804	116	9	438	1,367
Danum Academy	7,011	1,081	70	2,556	10,718
The Deepings School	4,886	998	68	1,638	7,590
Enfield Heights Academy	178	19	6	69	272
City of Ely Community College	4,452	863	57	1,222	6,594
Grampian Primary School	651	110	3	116	880
Mount Street Academy	992	184	6	299	1,481
Meadow Park Academy	899	169	15	311	1,394
Oakbank School	405	109	39	146	699
Oxford Spires Academy	3,299	886	43	1,002	5,230
Queensbury Academy	4,134	660	87	983	5,864
Stamford Queen Eleanor School	2,153	232	29	633	3,047
Sir John Gleed School	3,359	696	82	1,051	5,188
Central Services	180	1,196	29	533	1,938
	<u>34,219</u>	<u>7,428</u>	<u>572</u>	<u>11,392</u>	<u>53,611</u>

\*\* Excluding depreciation (£4,312K) and capital grant funded expenditure (£398K), including revenue contribution to capitalised expenditure (£1,275K).

## 17 CENTRAL SERVICES

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

Leadership and governance	Property management
Educational improvement	Information technology
Finance	Marketing and communication
Human Resources	

The Trust charges for these services on the following basis:

The Membership Fee charges are calculated on a % of **relevant income\*** based on the school's Ofsted Grade at the point on entering the Trust and thereafter from the Ofsted Grade at the beginning of each academic year. This fee is not altered during the year even if the Ofsted grade changes.

New Schools/Free Schools will pay a 5% fee for the first three years, at which point their new fee will be based on their Ofsted grading.

The % breakdown is as follows:

Outstanding and good academy - 3%
Requires improvement / satisfactory academy - 4%
Special measures / Free and New Build academy - 5%

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

Relevant income is regarded as that which is detailed in the EFA final funding allocation letter which is issued in March/April of the preceding academic year. This includes all revenue due to the academy that is automatically awarded to the school as a result of its status or cohort or teaching mix; income for these purposes would include all school income except for: Capital Grant Income, Pupil Premium Funding, income generated from academy bidding activity and income generated locally (lettings, catering, uniform sales, sponsorship, donations etc).

The actual amounts charged during the year were as follows:

£'000

All Saints Junior School - Reading	15
Gainsborough Benjamin Adlard Community School	40
Boston West Primary School	32
Danum Academy	84
The Deepings School	45
Enfield Heights Academy	16
City of Ely Community College	188
Grampian Primary School	28
Mount Street Academy	24
Meadow Park Academy	65
Oakbank School	34
Oxford Spires Academy	183
Queensbury Academy	282
Stamford Queen Eleanor School	76
Sir John Gleed School	115
	<u>1,227</u>

## 18 INCOMING ACADEMIES INTO THE TRUST

The following schools converted to academy trust status under the Academies Act 2010: On 1 September 2012 Meadow Park Academy and Queensbury Academy, on 1 December 2012 Grampian Primary School and on 1 January 2013 Sir John Gleed School. The Trust opened a free school, Oakbank School, on 1 September 2012. All the operations and assets and liabilities of these schools were transferred to CfBT Schools Trust from the relevant Local Authority for £Nil consideration.

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

	Unrestricted General Fund	Restricted School Operating Fund	Restricted Fixed Assets Fund	Restricted Pension Reserve Fund	Total Funds
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets					
Freehold / leasehold land and buildings	-	-	40,199	-	40,199
Other tangible fixed assets	-	-	437	-	437
Net current assets	78	1,329	-	-	1,407
LGPS pension (deficit)	-	-	-	(2,683)	(2,683)
Net assets	<u>78</u>	<u>1,329</u>	<u>40,636</u>	<u>(2,683)</u>	<u>39,360</u>

## 19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by:	Unrestricted General Fund £'000	Restricted School Operating Fund £'000	Restricted Fixed Assets Fund £'000	Restricted Pension Reserve Fund £'000	Total Funds 2013 £'000	Total Funds 2012 £'000
Tangible fixed assets	-	-	92,746	-	92,746	44,516
Current assets	1,260	16,554	1,127	-	18,941	9,611
Current liabilities	-	(10,916)	-	-	(10,916)	(5,957)
Pension scheme liability	-	-	-	(11,320)	(11,320)	(8,089)
<b>Total net assets</b>	<b>1,260</b>	<b>5,638</b>	<b>93,873</b>	<b>(11,320)</b>	<b>89,451</b>	<b>40,081</b>

## 20 COMMITMENTS

### Operating leases

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

	2013 £'000	2012 £'000
<b>Land and buildings</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	70	-
Expiring in over five years	-	-
	<b>70</b>	<b>-</b>
<b>Other</b>		
Expiring within one year	20	1
Expiring within two and five years inclusive	145	44
Expiring in over five years	-	-
	<b>165</b>	<b>45</b>

### Capital commitments

At 31 August 2013 the Trust had contracted for, but not provided in the financial statements capital commitments of £6.9 million.

## 21 MAJOR NON-CASH TRANSACTIONS

During the year a number of academies joined CfBT Schools Trust. Where the academy occupies a building on a freehold or long term leasehold arrangement, the value of the building and land has been included as a fixed asset in the balance sheet and the fair value recognised as a donation in the Statement of Financial Activities. See note 18 for details.

## 22 MEMBERS' LIABILITY

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

## 23 PENSIONS AND SIMILAR OBLIGATIONS

The Company operates two types of defined benefit pension schemes.

For teaching staff, the company contributes to the Teachers' Pension Scheme which is an unfunded, statutory, final salary scheme. Under this scheme benefits are paid out of monies provided by Parliament and teachers' and employers' contributions are credited to the Exchequer. The pension cost charge represents contributions payable to the fund and amounted to £2,889K (2012: £1,730K).

Contributions are also made to the Local Government Pension Scheme for non-teaching staff. The assets of the schemes are held separately from those of the company. The total amount of contributions in respect of the year was £1,487K (2012: £842K). The pension cost is assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

### Derivation of figures

The figures disclosed below have been derived by approximate methods from the full actuarial valuations of the funds at 31 August 2013 undertaken by Mercers Ltd (South Yorkshire Pension Fund), Barnett Waddingham (Oxfordshire CC Pension Fund and Royal County of Berkshire Pension Fund) and Hymans Robertson LLP (Bedfordshire Pension Fund, Cambridgeshire Pension Fund, Derbyshire CC Pension Fund and Lincolnshire Pension Fund). There is no provision for unitising the assets of a fund under the LGPS. The assets of each fund as a whole are allocated to participating bodies on a consistent and reasonable basis. The values placed on the assets and liabilities that relate to the Trust are shown below.

### Mortality assumptions

A set of demographic assumptions that are appropriate for each fund have been used for this valuation. Different tables are used including SP1A, SAPS year of birth and VitaCurves, all with a medium cohort improvement with a minimum of a 1% underpin.

### Return on assets

The overall long term rate of return expected at 31 August 2013 is 5.8% (2012: 5.1%). The rates for the individual funds vary between 5.4% and 6.1% (2012: 4.8% and 5.5%).



**23 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

	2013	2012
<b>Assumptions</b>		
CPI	2.4% - 2.9%	1.9% - 2.3%
Salary increases pa	4.2% - 5.1%	4.05% - 4.6%
Pension increases pa	2.4% - 2.9%	1.9% - 2.3%
Discount Rate pa	4.6% - 4.7%	3.9% - 4.6%

The above salary increases are the long term rates, the current pay freezes are reflected in the valuations.

	2013	2012
<b>Assets</b>	<b>£'000</b>	<b>£'000</b>
Equities	8,876	4,829
Gilts	569	420
Other bonds	1,150	768
Property	1,002	614
Cash	176	196
Other (hedge funds)	360	70
<b>Total</b>	<b>12,133</b>	<b>6,897</b>

	2013	2012
<b>Reconciliation of funded status to balance sheet</b>	<b>£'000</b>	<b>£'000</b>
Fair value of assets	12,117	6,897
Present value of funded liabilities	(23,437)	(14,986)
	<u>(11,320)</u>	<u>(8,089)</u>
Present value of unfunded liabilities	-	-
<b>Net liability</b>	<b>(11,320)</b>	<b>(8,089)</b>

<b>Amounts in the balance sheet</b>		
Assets	-	-
Liabilities	(11,320)	(8,089)
<b>Net liability</b>	<b>(11,320)</b>	<b>(8,089)</b>

	2013	2012
<b>Analysis of SOFA charge</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	1,514	815
Past service cost	-	-
Interest cost	759	444
Expected return on assets	(435)	(283)
Curtailments & Settlement cost	23	-
<b>Expense recognised</b>	<b>1,861</b>	<b>976</b>

	2013	2012
<b>Return on assets</b>	<b>£'000</b>	<b>£'000</b>
Actual return on assets	1,114	452

	2013	2012
<b>Analysis of amount recognised in STRGL</b>	<b>£'000</b>	<b>£'000</b>
Total actuarial (losses) / gains	(96)	(1,219)

	2013	2012
<b>Changes to the present value of liabilities during the year</b>	<b>£'000</b>	<b>£'000</b>
Opening present value of liabilities	14,986	1,831
Current service cost	1,514	815
Interest cost	759	444
Contributions by participants	413	265
Actuarial (gains) / losses on liabilities	777	1,388
Net benefits paid out	(61)	-
Transfers	5,017	10,239
Past service cost	-	-
Settlements	32	4
<b>Closing present value of liabilities</b>	<b>23,437</b>	<b>14,986</b>

	2013	2012
<b>Changes to the fair value of assets during the year</b>	<b>£'000</b>	<b>£'000</b>
Opening fair value of assets	6,897	870
Expected return on assets	435	283
Actuarial gains / (losses) on assets	679	169
Contributions by the employer	1,436	842
Transfers	2,334	4,480
Settlements	-	-
Contributions by participants	413	265
Net benefits paid out	(61)	(12)
<b>Closing fair value of assets</b>	<b>12,133</b>	<b>6,897</b>

**23 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

	2013	2012	2011
	£'000	£'000	£'000
History			
Fair value of assets	12,133	6,897	870
Present value of liabilities	(23,437)	(14,986)	(1,831)
Surplus / (deficit)	<u>(11,304)</u>	<u>(8,089)</u>	<u>(961)</u>
Experience gains / (losses) on assets	<u>679</u>	<u>169</u>	<u>(18)</u>
Predicted SOFA charge	2013/2012	2012/2011	
	£'000	£'000	
Estimated employer contributions - LGPS	<u>1,466</u>	<u>1,312</u>	

**24 POST BALANCE SHEET EVENTS**

Since the 31 August 2013 year end, Abbey Woods Academy has transferred into CfBT Schools Trust and two new Free Schools have opened: Abacus Belsize Primary School (located in Camden, London) and Judith Kerr Primary School (located in Southwark, London). These all occurred on 1 September 2013. Lincoln Carlton Academy, a competition new school was opened on 1 October 2013.

**25 ULTIMATE PARENT COMPANY**

The Trustees regard CfBT Education Trust, a company limited by guarantee and a registered charity, as the ultimate parent company and controlling party. Copies of the parent's consolidated financial statements may be obtained from 60 Queens Road, Reading, RG1 4BS.

**26 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Trust's operations and members of the local governing bodies being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the local governing body may have 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 has taken advantage of the exemption allowed by Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with other related companies that are wholly owned by CfBT Education Trust.