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# CfBT Schools Trust

**Annual Report and Financial Statements  
for the year ended 31 August 2018**

**COMPANIES HOUSE COPY**

# **Annual Report and Financial Statements for the year ended 31 August 2018**

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## Reference and Administrative Details

### Members

Education Development Trust

Heather Dawson

Duncan Parkes

### Trustees

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

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

Tim Irish (\*) (\*\*) (\*\*\*\*) (resigned 31 August 2018)

Angela McFarlane (\*\*) (\*\*\*)

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

Sally Wilson (\*) (\*\*\*) (\*\*\*\*) (appointed 1 September 2018)

Philip Wood (\*)

- \* Members of the Finance Committee
- \*\* Members of the Education Committee
- \*\*\* Members of the Audit Committee
- \*\*\*\* Members of the Remuneration Committee

### Company Secretary

Sheila McKenzie

### Accounting Officer

Andrew Yarrow

### Leadership team

Chief Executive

Andrew Yarrow

Chief Operating Officer

Sheila McKenzie

Education Director, Primary East Midlands

Marie-Claire Bretherton

Education Director, Primary London & Thames Valley

Karen Walker

Education Director, Secondary

Colin Sinclair

### Company Name

CfBT Schools Trust

### Principal and Registered Office

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

### Company Registration Number

07468210 (England and Wales)

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**Independent Auditors**

UHY Hacker Young LLP  
Quadrant House, 4 Thomas More Square  
London, E1W 1YW

**Bankers**

Lloyds Bank Plc  
24 Broad Street  
Reading, RG1 2BT

**Solicitors**

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

## Trustees' Report

The Trustees present their annual report together with the consolidated financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published September 2015 (FRS 102).

The Trust operates 11 primary and five secondary academies in the East Midlands, London and Thames Valley. In the school census on 5 October 2018, the Trust's academies had a combined pupil capacity of 9,023 (2017 - 8,947) and a roll of 8,338 (2017 - 8,127).

## Structure, Governance and Management

### *Constitution*

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

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

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

### *Members' Liability*

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

### *Trustees' Indemnity*

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

### *Principal Activities*

CST's objects are specifically restricted to the following:

- a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision academies") or 16 to 19 academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the special academies").
- b) In the event that the Trust establishes, maintains, carries on, manages and develops academies which are designated with a religious character, such academy shall be conducted in accordance with the tenets, practices and teachings of the designated religion; and

- c) To promote for the benefit of the inhabitants of the areas served by the academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

The Members of CST shall comprise:

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

Trustees are appointed by the sponsor, Education Development Trust, of which three Trustees shall be independent in as much as they have no material or pecuniary relationship with the sponsor.

When required, new Trustees are recruited through external agencies.

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

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

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

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

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

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

#### ***Organisational Structure***

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

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

#### ***Trustees***

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

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## **Executive**

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

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

## **Local Governing Bodies and Headteachers**

The Local Governing Bodies are a mix of individuals from each school's local community. Their role is to support CST in relation to the functioning of that school under a Scheme of Delegation approved by the board of Trustees.

Each Local Governing Body has responsibility for strategy, monitoring, support and challenge to annual plans within their school. The Chair of the Local Governing Body is nominated by the school, interviewed by the Chair of Trustees and Chief Executive, and appointed by the board of Trustees.

As the ultimate point of accountability for the performance of schools, the Trustees monitor and challenge Local Governing Bodies, and will intervene, where required, to support school improvement.

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

## **Staff**

CST employed 867 (2017 – 862) full time equivalent staff on average through the period. CST believes in providing training and development for educators and managers, and in extending opportunities impartially to all. All employment decisions, policies and practices are made without regard to an individual's gender, race, colour, religion, sexual orientation or national origin.

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

CST has provided a number of CPD programmes, especially for new and aspiring leaders. This year, the CPD programme has been extended to reach as many staff across the Trust as possible.

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

## **Parents and Carers**

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

## ***Arrangements for Setting Pay and Remuneration of Key Management Personnel***

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

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

Education Development Trust is the sponsor of CST and actively assists CST in the achievement of its objectives through the provision of research and other education support. During the year the Trustees of Education Development Trust awarded CST a grant of £100,000 to invest in school improvement. Any services purchased by CST from Education Development Trust are purchased at cost, which totalled £0.67 million for 2017-18 (2016-17: £0.84 million). Of this total £0.60 million (2016-17: £0.78 million) was for the salaries and related costs of staff employed by Education Development Trust and seconded to CST. The remaining £0.07 million (2016-17: £0.06 million) related to services provided by Education Development Trust, including school improvement services. CST has a totally independent operational and governance structure and there is no impact on policies and procedures or operations from being connected parties with Education Development Trust.

### ***Trade Union Facility Time***

The Trust employed more than 49 full time employees during the financial year and therefore it must disclose trade union facility time in accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. The required information is set out in the tables below:

#### **Relevant Union Officials**

<b>Number of employees who were relevant union officials during the year</b>	<b>Full time equivalent employees</b>
9	8.75

#### **Percentage of time spent on facility time**

<b>Percentage of time</b>	<b>Number of employees</b>
0%	7
1%-50%	2
51%-99%	0
100%	0

#### **Percentage of pay bill spent on facility time**

Total cost of facility time	£3,775
Total pay bill	£36.6million
% of the total pay bill spent on facility time	0.01%

#### **Paid trade union activities**

Total spent on paid trade union activities as a percentage of total paid facility hours	37.5%
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### ***Fund Raising Practices***

The Trust carried out fund raising practices complying with the Charities (Protection and Social Investment) Act 2016. All fundraising is initiated at school level through approaches to parents and other members of the school local community. No external agencies are used, and any complaints would follow the school complaints policy and procedures. During the year no complaints were recorded.

## **Objectives and Activities**

### ***Objects and Aims***

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

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

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



### ***CST Vision and Values***

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

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

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

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

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

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

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

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

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

To achieve our vision, CST has six strategic principles:

1. **High standards of teaching, learning and assessment that lead to high-quality outcomes for all pupils, regardless of background and prior attainment.**
2. **A moral purpose and inclusive ethos that promotes respect, enabling every child to thrive and realise their personal and academic potential, love the challenge of learning, develop resilience for their journey ahead and contribute to our communities as lifelong learners and global citizens.**
3. **Ambitious and uncompromising leadership from Headteachers, senior leaders and Trust leaders; putting excellent teaching and learning at the heart of our work, supported by a central focus on career development, talent management, and recruitment and retention of outstanding professionals.**
4. **Excellent, determined and supportive teachers and associate staff who believe all children can behave well and achieve highly and who, together, create schools that are safe and happy places to learn and foster a climate of collaborative innovation, both in their school and across the region and Trust.**
5. **Peer-to-peer and school-to-school support that enables colleagues to share best practice, make best use of educational research findings and maximise their professional effectiveness.**
6. **Prudent stewardship of capital and financial resources and reserves that enables the Trust and each school to serve their communities by strategically planning their finances, responding to unpredictable situations and managing individual school financial needs over time.**

A *Strategic Development Plan* is in place that sets out actions required over the next academic year to deliver the six strategic principles described above.

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

The Trustees have approved the revised *Trust Development Plan* for 2018-19 which identifies activities for the next year under three priority areas.

#### ***Improving performance***

Raise standards of teaching, assessment and pupil performance for all groups within CST's schools so that all measures are at least in line with national averages, enabling each academy to secure an improved Ofsted judgement, or maintain an outstanding judgement, when next inspected

Focus on improving the performance of disadvantaged pupils, pupils with SEND and the most able at all key stages, so that average progress measures for all groups are above national for all key stages and schools.

Further improve the quality of safeguarding guidance, auditing and collaboration, drawing on external expertise and support.

Focus on improving attendance so that average attendance is above national for all key stages and schools and reduce levels of exclusion where these are excessively high.

Further develop evidenced-informed, Trust-wide curriculum and assessment models and guidance and agreed pedagogical approaches.

Establish greater consistency and alignment of processes across the Trust, especially in relation to pedagogy, assessment and local governance, ensuring that all schools are following the best approaches to raising standards.

Develop stronger links with EDT in order to draw upon research findings, initiatives and expertise that will be of direct benefit to CST schools.

Ensure ongoing effective and strategic financial planning and estates management within the Trust and its schools in response to ongoing budgetary constraints.

### *Developing people*

Develop high-quality CPD opportunities for all staff, in particular training on the most effective teaching, learning and assessment strategies, NPQ training programmes for middle and senior leaders, induction training for new staff and coaching, summarised in a Trust CPD brochure.

Increase the impact of Professional Learning Networks by developing their role and recruiting and training high-calibre PLN Leaders.

Recruit and train Lead Learners to work alongside RDs and across the Trust's schools on a part-time secondment basis, in order to provide additional capacity for rapid school improvement in specific areas of focus.

Implement a Trust-wide talent management strategy to maximise institutional capacity and competence and retain high-calibre staff.

Increase the effectiveness of local governing bodies through the recruitment of high-calibre Chairs and members and high-quality training based on an updated Scheme of Delegation.

Develop strategies to reduce staff workload and improve staff wellbeing without compromising standards and outcomes.

Explore ways in which schools can provide rich opportunities for pupils' personal and character development. In particular, raise the profile and quality of student leadership by creating opportunities for students from across the Trust's schools to develop as leaders together.

### *Strategic growth*

Use the School Improvement Strategy to further develop high-impact collaborative partnerships and robust, aligned systems and processes in order to demonstrate the Trust's effectiveness in rapid school improvement and capacity for growth

Prepare for several new schools to be added to the Trust over the next three years, which are in close proximity to existing schools and which will either add capacity to those schools or be supported through existing capacity.

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Take a more proactive approach to the recruitment of high-calibre LGB Chairs and members. Support CST schools with marketing and strategic development in order for them to maximise their opportunities for internal growth and cost effectiveness.

Raise the profile of the Trust, through effective communication of its values, strengths and successes, taking advantage of online communication and face-to-face networking opportunities and the rebranding process.

Continue to develop systems to identify and measure the impact of CST's challenge, support and intervention across its schools.

### ***Public Benefit***

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

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

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

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

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

## **Strategic report**

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

The CEO, Andrew Yarrow, led the Executive Education Team (EET) in evaluating the impact of the school improvement through a range of stakeholders, including: Trustees; new and existing colleagues within the EET; headteachers and colleagues within the central team. The completion of a Trust self-evaluation document was a key point within the evaluative process and early identification that a more strategic school improvement approach was required.

A collaborative process of gathering, reviewing and implementing the views of school and Trust leaders was considered alongside a range of educational research including Education Endowment Fund publications; participation in a MAT-to-MAT review group, participation in the first cohort of the National Professional Qualification for Executive Leaders (NPQEL) programme, discussions with our Regional Schools Commissioner, Ofsted and colleagues from other MATs to validate our thinking in creating the school improvement strategy.

Early on in the process we were keen to ensure the clarity of our vision, core beliefs and values were evident through answering the question we now use as our key driver: "How do we, together, create ambitious and successful schools where every child thrives?" In addressing our key question, we have structured the school improvement strategy through four pillars which contain specific school improvement enablers.

As the school improvement strategy enters its first stage of implementation in 2018-19, we will continue to review and reflect on the impact of school improvement through a series of measurable outcomes.

A key strand of our strategy is the development of practitioner-led collaborative networks in specific areas. These Professional Learning Networks (PLNs) are facilitated by selected teachers in both primary and secondary phases and focus on first-hand experience and research driven practice. Their core purpose is to improve the skills and knowledge of the members through collaborative study and enquiry, expertise exchange, and professional dialogue. The PLN leaders work closely with the Education Directors ensuring that the focus aligns with trust and regional improvement priorities. All schools are represented in each PLN and members are expected to actively participate, using the thinking to drive change in their schools.

The effectiveness of the school improvement strategy is dependent upon the people employed to lead school improvement. An early decision was made to recruit and develop from within rather than externally appoint consultants and headteachers were instrumental in identifying staff in their school who may be able to add

value to the trust. The appointment of Lead Learners was initially based on areas of strategic development i.e. Inclusion and Assessment for Learning (AFL).

Each region has a team of seconded Lead Learners who are strategically deployed by the Education Directors to drive school improvement against priorities identified in the Trust Development Plan and Partnership Development Plan. The Partnership Development Plan is a region/phase strategic plan written by the Education Director in partnership with Headteachers and Lead Learners work in collaboration with schools to effectively implement and deliver specific school improvement priorities. The Education Director 'brokers' support through the Partnership Development Plan and the Trust Gateway programmes which specify a differentiated level of school improvement.

The Education Directors work collaboratively with one another to review, monitor and evaluate the impact of Lead Learners against agreed development priorities.

The school improvement strategy is closely aligned to the talent management strategy. The Trust will effectively develop the next generation of school leaders through the identification, growth and development of the newly appointed Lead Learner roles.

Over the past year, the Trust have begun to provide a number of CPD programmes, especially for new and aspiring leaders, and these have been invariably well-received. This year, we have extended the offer considerably in order to reach as many colleagues as possible. These range from year-long nationally-recognised programmes accredited by external providers, such as UCL Institute of Education, to half-day or one-day training courses led by staff from within the Trust for their colleagues. Each term, this guide will be updated as new programmes are developed and opportunities are made available. Many of these are offered free of charge to the Trust's schools as they either attract government funding, are part of the annual investment from our Sponsor, Education Development Trust (EDT) or are facilitated by colleagues from within the Trust. Where there is a cost, we have worked hard to keep this as low as possible.

The opportunities within our CPD programme are complementary to the ongoing day-to-day collaborative professional development practices that we encourage, including peer observation and feedback, joint practice development, networking (including through PLNs), personal reflection and action research (for which bursaries are available).

#### **Academic performance**

A number of schools were inspected by Ofsted during the year, providing valuable feedback on the effectiveness of improvement strategies at school and Trust level. Both St Mark's Academy and Queensbury were judged Good, with St Mark's winning praise from inspectors for its outstanding work to promote pupils' personal development and welfare.

Meadow Park Academy in Reading has been praised by Ofsted for its transformation into a good and improving school with outstanding early years provision, just two years after being placed in the requires improvement category. Following a Section 5 inspection on 18 and 19 April 2018, Ofsted said children are thriving at the CST primary school because of its unswerving ambition to help pupils do as well as they can. According to the inspection report: "Leaders and governors, with the support of the academy trust, have effectively led improvements in teaching, learning and pupils' behaviour. As a result, pupils' progress has accelerated."

At the end of 2017-18, Ofsted judgements for the Trust's schools that have been inspected were as follows:

	Number		Percentage (%)	
	2018	2017	2018	2017
<b>Outstanding</b>	5	5	31%	31%
<b>Good</b>	9	8	56%	50%
<b>Requires Improvement</b>	2	3	13%	19%
<b>Special Measures</b>	0	0	0%	0%

## Key Stage 2 results

In 2018 a similar proportion of pupils in CST Primary schools reached the expected standard in all Key Stages when compared to National Averages. The Trust met FFT50 targets overall. However, the average scaled score in Reading and Maths was significantly below the National at 103.7 (National 104.7). Outcomes in CST in 2018 did improve at a higher rate than schools nationally, bringing the Trust in line with National at all key stages for the first time. In 2019 we need to build on this and maintain this rate of progress.

## Key Stage 4 results

Three of the five Secondary schools demonstrated improved outcomes and the two schools where outcomes were not improved from 2017 have the most students. Overall performance is broadly consistent with 2017 (without Queensbury it is -0.05 and within confidence intervals), and there has been a slight drop in overall progress, which puts CST's progress 8 score below zero. Attainment is nearly identical, particularly in English and Maths.

## Pupil attendance

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

Phase	CST	National average
Primary	95.9%	96.0%
Secondary	94.4%	94.6%

## Financial Review

The majority of CST's income is derived from the Education and Skills Funding Agency (ESFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

Total income for the year was £48.6 million and expenditure amounted to £53.0 million. After including an actuarial gain of £3.9 million for the Local Government Pension Schemes this resulted in a net outflow of funds for the year of £0.5 million. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Of the total income for the year, £43.3 million was obtained as ESFA grants, with £1.7 million of income as government grants via local authorities and £1.3 million for the KYRA Teaching School. The £43.3 million received from the ESFA was a combination of the general annual grant (GAG) of £37.4 million, pupil premium of £2.2 million, capital grants of £1.5 million and other grants of £2.2 million.

Of the total expenditure for the year £51.0 million relates to CST's educational activities. Of this expenditure £29.5 million was for teaching and educational support staff and £2.5 million other direct costs. A small amount, £0.1 million was for governance costs (see note 7). The remaining £18.9 million of costs covers support staff, maintenance, cleaning, catering, insurance and other occupancy and support costs.

Total funds at 31 August 2018 are in surplus by £95.6 million, made up of a surplus of £94.2 million of restricted funds and £1.4 million of unrestricted general funds. The restricted funds comprise £104.5 million for the restricted fixed asset fund, a surplus of £0.3 million on the restricted schools operating fund and a pension reserve fund deficit of £10.6 million.

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

At 31 August 2018, the net book value of fixed assets was £102.9 million and movements in tangible fixed assets are shown in note 13 to the financial statements. There have been additions in the year of £1.4 million and depreciation of £4.4 million.

Under the terms of the Funding Agreement with the Department of Education CST is required to offer all support staff membership of the Local Government Pensions Scheme. The Trust has no control over this scheme however it is government-backed. As of 31 August 2018, the scheme was in deficit with the amount attributable to CST being £10.6 million. This is a reduction of £2.0 million from last year due to a change in financial assumptions in the year. Forward financial plans and budgets are developed on the expectation of increases in contribution levels to assist in reducing the deficit.

### ***Reserves Policy***

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

Schools are expected to contribute up to two months payroll costs into a contingency reserve to support schools with financial challenges. This financial support is seen as temporary and it is expected that any funds received by schools are repaid to the contingency reserve under an agreed plan.

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

The restricted pension reserve of £10.6 million (2017: £12.6 million) is held to offset the liability relating to the defined benefit pension liability for the Local Government Pension Scheme. This deficit would only crystallise as a liability on the closure of the Trust. In such an event Parliament has agreed to guarantee that outstanding LGPS liabilities will be met by the Department for Education.

On 31 August 2018, the Trust held Restricted General Funds of £0.3 million (2017: £0.04 million) and Unrestricted General Funds of £1.4 million (2017: £1.4 million). This equates to just over half of one month of payroll costs. The Trust continues to work with schools to enable the two month reserves target to be achieved.

### ***Investment Policy***

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

On 9 November 2017 the Trust acquired the shares (2 shares with a nominal value of £1 each) for the Centre for School Standards (05318413) which is now a wholly owned subsidiary. Education Development Trust, the Trust's sponsor transferred ownership of the Centre for Schools Standards for £nil consideration. This is a dormant company which has been acquired as a potential trading subsidiary.

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

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

The work on the strategic risk register has been extended to develop an assurance framework. This is a structured method of identifying and mapping the main sources of assurance across the Trust and ensuring their effectiveness in managing strategic risks.

As the majority of CST's funding is derived from the ESFA, via the Department for Education, the Trustees consider this element of funding to be reasonably secure. The most significant risks relating to this income result from changing government policy on school funding, the effect of increasing contribution rates for

stakeholder pensions and NI rebate deletion, and the effect of changing pupil numbers. The Trustees have laid out their strategies for dealing with these risks within CST's Risk Register.

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

The board of Trustees has reviewed the key risks to which CST is exposed together with the operating, financial and compliance controls that have been implemented to manage those risks. The board is of the view that a formal ongoing process for identifying, evaluating and managing CST's significant risks was in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board.

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

### ***Financial Instruments***

#### **Credit risk**

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

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

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

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

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

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

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

### ***Employee Information Policy***

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

### ***Going Concern***

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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

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

### ***Auditor***

In so far as all the Trustees are aware:

- there is no relevant audit information of which the Trust's external auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditor is aware of that information.

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Approved by order of the members of the board of Trustees on 11 December 2018 and signed on its behalf by:

*H. Dawson*

**Heather Dawson**  
Chair of Trustees



## Governance Statement

### Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between CfBT Schools Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustee	Meetings attended	Out of a possible
Dawson, Heather	5	5
Hawker, David	5	5
Irish, Tim	3	5
McFarlane, Angela	3	5
Parkes, Duncan	3	5
Wood, Philip	5	5

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

Every full board of Trustee meeting includes a report from the Chief Executive, a report from the Chief Operating Officer, an update on governance both at Trust and local level and reports from committees. Matters discussed during the year to 31 August 2018 included:

- Performance of schools both educationally and financially;
- Reports from Ofsted and the Department of Education;
- Agreement of the CST vision, strategic priorities and development plan;
- Review of the Scheme of Delegation;
- A growth strategy;
- Review of leadership and succession planning; and
- Strategic risks, mitigations and contingencies.

In 2017-18 the majority of board of Trustee meetings were held in schools with the host Headteacher presenting on key issues for their school.

Every year the board of Trustee's undergoes a skills audit and self-evaluation of performance. During spring 2018 the Trustees held a Strategic Awayday to consider the priorities for the board considering the current education and financial position of the Trust compared to other MATs of a similar size.

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

#### **Finance Committee**

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

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

Matters discussed during the year to 31 August 2018 include:

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

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Dawson, Heather	4	4
Hawker, David	3	4
Irish, Tim	4	4

#### **Audit Committee**

The purpose of the Audit Committee is to:

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

Matters discussed during the year to 31 August 2018 include:

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

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

Trustee	Meetings attended	Out of a possible
McFarlane, Angela	3	3
Parkes, Duncan	4	4
Wood, Philip	4	4

#### Education Committee

The purpose of the Education Committee is to provide an independent oversight of the educational performance of CST and of the individual schools in CST.

Matters discussed during the year to 31 August 2018 include:

- Scrutiny of attainment data, actual from the summer 2017 and projections for the summer 2018;
- Reports from Ofsted inspections of schools and CST;
- Reports on the progress of disadvantaged groups of pupils;
- Reports on school improvement activity in schools; and
- Reports on safeguarding.

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

Trustee	Meetings attended	Out of a possible
Hawker, David	4	4
Irish, Tim	3	4
McFarlane, Angela	2	3
Parkes, Duncan	4	4

#### Remuneration Committee

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

Matters discussed during the year to 31 August 2018 include:

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

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

Trustee	Meetings attended	Out of a possible
Hawker, David	1	1
Irish, Tim	1	1
Parkes, Duncan	1	1

#### Review of Value for Money

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

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

- Refining the curriculum management tool for secondary schools and the further development of curriculum modelling of primary schools to ensure effective deployment of staff.
- Performing a review of existing contractual agreements and revising our terms and conditions so that all new contracts have greater clarity of roles and responsibilities and are more favourable to the Trust. New contracts are more favourable towards the buyer in terms of KPIs and termination clauses. Low value (transactional) suppliers have been asked to sign to accept these T&Cs where no formal contract exists.
- Continued to work collaboratively with third parties, notably public sector buying organisations and other Multi Academy Trusts to share best practice, achieve greater buying power, and exert leverage on the market.
- Driving efficiencies by deploying the same contractors over multiple schools where the needs are similar.
- Developing our approach to CPD so that certain training needs can be met in-house, without relying on expensive third-party consultants.
- Centralising our utilisation of school conditional allocation (SCA) funds and procuring larger works through rigorous OJEU tender processes.
- Creating a steering group for ICT to ensure that all schools are moving in the same direction with regards to their use of digital technologies and providing support and guidance to schools and how to manage and upgrade their networks in a cost-effective manner.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CST for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of Trustees has reviewed the key risks to which CST is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the CST's significant risks that have been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

### **The Risk and Control Framework**

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

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The board of Trustees considered the need for a specific internal audit function and have appointed the accountancy firm RSM to perform this function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on CST's financial systems.

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

### **Review of Effectiveness**

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

- The work of the internal auditor;
- The work of the external auditor, and
- The work of the executive within CST who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 11 December 2018 and signed on its behalf by:



**Heather Dawson**  
Chair of Trustees



**Andrew Yarrow**  
Accounting Officer

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

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

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

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

Approved on 11 December 2018 and signed by:

A handwritten signature in black ink, appearing to read 'A. Yarrow', is written over a horizontal line.

**Andrew Yarrow**

Accounting Officer

## Statement of Trustees' Responsibilities

The Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 2017/18 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 11 December 2018 and signed on its behalf by:



**Heather Dawson**

Chair of Trustees

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

## Opinion

We have audited the financial statements of CfBT Schools Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

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

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

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



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

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

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

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

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

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

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

## **Responsibilities of Trustees**

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

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

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

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

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

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

## **Use of our report**

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



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

Chartered Accountants  
Statutory Auditor

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

13/12/..... 2018

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

## **Independent Reporting Accountant's Assurance Report on Regularity**

In accordance with the terms of our engagement letter dated 14 July 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CfBT Schools Trust during the year to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of CfBT Schools Trusts Funding Agreement with the Secretary of State for Education dated 7 June 2013 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2018 have not been applied to purposes intended by Parliament or that financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018, issued by the ESFA. We performed a limited assurance engagement, as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

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

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

### Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the year to 31 August 2018, has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

**UHY Hacker Young**  
**Reporting Accountant**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

13/12/2018

**Statement of financial activities for the year ended 31 August 2018  
(incorporating income & expenditure account)**

		Unrestricted	Restricted funds		2018	2017
	Notes	fund	General	Fixed	Total	Total
		£'000	funds	asset fund	£'000	£'000
			£'000	£'000		
<b>Income and endowments from:</b>						
Donations and capital grants	2	163	-	1,525	1,688	1,066
<i>Charitable activities:</i>						
Funding for educational operations	3	701	43,207	-	43,908	43,413
Teaching schools	29	398	1,511	-	1,909	1,386
Other trading activities	4	923	189	-	1,112	990
Investments	5	8	-	-	8	24
<b>Total income and endowments</b>		<b>2,193</b>	<b>44,907</b>	<b>1,525</b>	<b>48,625</b>	<b>46,879</b>
<b>Expenditure on</b>						
Raising funds	6	444	8	-	452	418
<i>Charitable activities:</i>						
Educational operations	7	701	45,836	4,484	51,021	49,548
Teaching schools	6, 29	325	1,233	-	1,558	1,338
<b>Total expenditure</b>	<b>6</b>	<b>1,470</b>	<b>47,077</b>	<b>4,484</b>	<b>53,031</b>	<b>51,304</b>
<b>Net Income/ (expenditure) for the year</b>		<b>723</b>	<b>(2,170)</b>	<b>(2,959)</b>	<b>(4,406)</b>	<b>(4,425)</b>
<b>Transfers between funds</b>		<b>(767)</b>	<b>638</b>	<b>129</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	26	-	3,862	-	3,862	5,062
<b>Net movement in funds</b>		<b>(44)</b>	<b>2,330</b>	<b>(2,830)</b>	<b>(544)</b>	<b>637</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 31 August 2017		1,398	(12,593)	107,314	96,119	95,482
<b>Total funds carried forward at 31 August 2018</b>		<b>1,354</b>	<b>(10,263)</b>	<b>104,484</b>	<b>95,575</b>	<b>96,119</b>

The restricted general funds column includes the result for the year for both the restricted income fund and the pension fund. The total restricted funds carried forward included a surplus balance of £372k (2017: £42k surplus) for the restricted school operating fund and a deficit balance of £10,635k (2017: £12,635k) for the restricted pension fund.

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

# Statement of financial activities for the year ended 31 August 2018 (incorporating income & expenditure account)

## Comparative year information

	Notes	Unrestricted fund £'000	General funds £'000	Restricted funds Fixed asset fund £'000	2017 Total £'000	2016 Total £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	62	-	1,004	1,066	30,894
<i>Charitable activities</i>						
Funding for educational operations	3	585	43,556	-	43,413	61,867
Teaching schools		-	658	-	1,386	292
Other trading activities	4	868	122	-	990	1,191
Investments	5	24	-	-	24	16
<b>Total income and endowments</b>		<b>1,539</b>	<b>44,336</b>	<b>1,004</b>	<b>46,879</b>	<b>94,260</b>
<b>Expenditure on</b>						
Raising funds	6	356	62	-	418	849
<i>Charitable activities:</i>						
Educational operations	7	585	45,342	4,344	49,548	69,594
Teaching schools	6	-	615	-	1,338	315
Academy assets transferred out of the Trust	7	-	-	-	-	34,342
<b>Total expenditure</b>	<b>6</b>	<b>941</b>	<b>46,019</b>	<b>4,344</b>	<b>51,304</b>	<b>105,100</b>
<b>Net income/ (expenditure) for the year</b>		<b>598</b>	<b>(1,683)</b>	<b>(3,340)</b>	<b>(4,425)</b>	<b>(10,840)</b>
<b>Transfers between funds</b>		<b>(393)</b>	<b>(299)</b>	<b>692</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	5,062	-	5,062	(10,422)
<b>Net movement in funds</b>		<b>205</b>	<b>3,080</b>	<b>(2,648)</b>	<b>637</b>	<b>(21,262)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 31 August 2016		1,193	(15,673)	109,962	95,482	116,744
<b>Total funds carried forward at 31 August 2017</b>		<b>1,398</b>	<b>(12,593)</b>	<b>107,314</b>	<b>96,119</b>	<b>95,482</b>


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


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

## Balance Sheet as at 31 August 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	13	102,887	105,872
<b>Current assets</b>			
Debtors	15	2,941	2,778
Cash and cash equivalents	24	4,384	5,176
		7,325	7,954
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(3,437)	(4,226)
<b>Net current assets</b>		3,888	3,728
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	16	(565)	(846)
<b>Net assets excluding pension liability</b>		106,210	108,754
Defined benefit pension scheme liability	26	(10,635)	(12,635)
<b>Net assets including pension liability</b>		95,575	96,119
<b>The funds of the Trust:</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	104,484	107,314
Restricted income funds	17	372	42
Pension reserve	17	(10,635)	(12,635)
<b>Total restricted funds</b>		94,221	94,721
<b>Unrestricted funds</b>	17	1,354	1,398
<b>Total funds</b>		95,575	96,119

The financial statements on pages 28 to 54 were approved by the board of Trustees, and authorised for issue on 11 December 2018 and are signed on their behalf by:

  
**Heather Dawson**  
Chair of Trustees

  
**Andrew Yarrow**  
Accounting Officer

Company registration no: 07468210

## Cash Flow Statement for the year ended 31 August 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows used in operating activities</b>			
Net cash used in operating activities	21	(884)	(1,631)
		<hr/>	<hr/>
<b>Cash flows used in investing activities</b>			
Dividends, interest and rents from investments		8	24
Proceeds from sale of tangible fixed assets		7	298
Capital grants from DfE and ESFA	2	1,519	1,002
Capital funding from others	2	6	2
Payments to acquire tangible fixed assets	13	(1,443)	(1,662)
		<hr/>	<hr/>
		97	(336)
<b>Cash flows used in financing activities</b>			
Repayment of borrowings	22	(5)	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(792)	(1,967)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2017		5,176	7,143
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 August 2018</b>	24	<b>4,384</b>	<b>5,176</b>
		<b>=====</b>	<b>=====</b>



# Notes to the Financial Statements for the year ended 31 August 2018

## 1. Statement of accounting policies

### Company Information

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

### Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

The financial statements have been prepared under the historic cost convention. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

### Going concern

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

### Income

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

#### *Grants receivable*

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

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

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

#### *Donations*

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

### ***Other income***

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

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

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

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

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

### **Expenditure**

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

### ***Expenditure on raising funds***

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

### ***Charitable activities***

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

Motor vehicles 25%

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

### **Impairment of fixed assets**

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

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

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

### **Cash and cash equivalents**

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

### **Financial instruments**

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

Financial instruments are recognised in the Trust's Statement of Financial Position when the Trust becomes a party to the contractual provisions of the instrument.

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

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

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

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

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

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

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

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

## **Provisions**

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

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

## **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

## **Stock**

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

## **Taxation**

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

## **Employee benefits**

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

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

## **Pension benefits**

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

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

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

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

## **Fund accounting**

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

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

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

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

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

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

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

### **Pension Liability**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### **Depreciation**

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

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

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

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

## 2. Donations and capital grants

	Unrestricted fund £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	1,519	1,519	1,002
Other donations	163	6	169	64
	<u>163</u>	<u>1,525</u>	<u>1,688</u>	<u>1,066</u>
	=====	=====	=====	=====

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

	Unrestricted fund £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>DfE / ESFA grants</b>				
- General Annual Grant (GAG)	-	37,442	37,442	37,063
- Start up grants	-	66	66	106
- Other DfE / ESFA grants	-	3,708	3,708	3,444
	<u>-</u>	<u>41,216</u>	<u>41,216</u>	<u>40,613</u>
<b>Other Government grants</b>				
- Local authority grants	-	1,656	1,656	1,615
	<u>-</u>	<u>42,872</u>	<u>42,872</u>	<u>42,228</u>
<b>Other funds</b>				
- Other income from the Trust's educational operations	701	335	1,036	1,185
	<u>701</u>	<u>43,207</u>	<u>43,908</u>	<u>43,413</u>
	=====	=====	=====	=====
<b>Total funding</b>	<b>701</b>	<b>43,207</b>	<b>43,908</b>	<b>43,413</b>

## 4. Other trading activities

	Unrestricted fund £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	236	-	236	269
Trip income	427	-	427	344
Sale of school uniform	17	-	17	18
Consultancy	155	-	155	122
Other income	88	189	277	237
	<u>923</u>	<u>189</u>	<u>1,112</u>	<u>990</u>
	=====	=====	=====	=====

## 5. Investment income

	Unrestricted fund £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest receivable	2	-	2	4
Short term deposits	6	-	6	20
	<u>8</u>	<u>-</u>	<u>8</u>	<u>24</u>
	=====	=====	=====	=====

## 6. Expenditure

	Non-pay expenditure Staff costs £'000 (note 8)	Premises £'000	Other costs £'000	Total 2018 £'000	Total 2017 £'000
Academies' educational operations (note 7)					
- direct costs	29,456	-	2,559	32,015	31,048
- allocated support costs	7,568	2,172	9,266	19,006	18,500
Teaching schools	647	-	911	1,558	1,338
	<u>37,671</u>	<u>2,172</u>	<u>12,736</u>	<u>52,579</u>	<u>50,886</u>
	=====	=====	=====	=====	=====
Expenditure on raising funds	-	-	452	452	418
	<u>37,671</u>	<u>2,172</u>	<u>13,188</u>	<u>53,031</u>	<u>51,304</u>
	=====	=====	=====	=====	=====

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

	2018 £'000	2017 £'000
Operating lease rentals	297	281
Fees paid to auditor for:		
- audit services	50	50
- other services	5	3
Loss / (gain) on disposal of fixed assets	11	(270)
Depreciation of tangible fixed assets	4,421	4,334
	=====	=====

Included within expenditure are unrecoverable debts of £4,366 (2017: £1,385). There were no individual items with a value above £5,000.

## 7. Charitable activities

	2018 £'000	2017 £'000
Direct costs – educational operations	32,015	31,048
Support costs – educational operations	19,006	18,500
	<u>51,021</u>	<u>49,548</u>
	=====	=====

## 7. Charitable activities (continued)

	2018	2017
	£'000	£'000
<b>Analysis of support costs</b>		
Support staff costs	7,568	7,524
Depreciation and loss on disposal (fixed asset restricted fund)	4,428	4,334
Technology costs	831	879
Premises costs	2,172	2,190
Other support costs	3,921	3,399
Governance costs	86	174
	<hr/>	<hr/>
Total support costs	19,006	18,500
	=====	=====

## 8. Staff costs

Staff costs during the year were:	2018	2017
	£'000	£'000
Wages and salaries	27,542	26,306
Social security costs	2,615	2,470
Operating costs of defined benefit pension scheme	6,009	6,153
Apprenticeship levy	125	45
	<hr/>	<hr/>
	36,291	34,974
Supply teacher costs	1,354	1,381
Staff restructuring costs (see below)	26	96
	<hr/>	<hr/>
	37,671	36,451
	=====	=====
Staff restructuring costs comprise:		
- Redundancy payments	-	74
- Severance payments	26	22
	<hr/>	<hr/>
	26	96
	=====	=====

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £25,577 (2017: £2,670). Individually, the payments were: £2,000, £7,577 and £16,000 (2017: £1,703 and £966).

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

	Number		FTE	
	2018	2017	2018	2017
Teachers	489	473	443	417
Administration and support (including Teaching Assistants)	542	562	376	393
Management	48	52	48	52
<b>Total</b>	<b>1,079</b>	<b>1,087</b>	<b>867</b>	<b>862</b>



## 8. Staff costs (continued)

The number of employees whose emoluments (including employer pension contributions) fell within the following bands was:

	2018 Number	2017 Number
£ 60,001 - £ 70,000	43	35
£ 70,001 - £ 80,000	10	9
£ 80,001 - £ 90,000	7	9
£ 90,001 - £100,000	2	4
£100,001 - £110,000	4	2
£110,001 - £120,000	2	1
£120,001 - £130,000	2	3
£130,001 - £140,000	-	1
£140,001 - £150,000	-	-
£150,001 - £160,000	1	-
	=====	=====

All of the above employees participated in the Teachers' Pension Scheme, Local Government Pension Scheme or the sponsor's Defined Contribution Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £702,450 (2017: £657,308).

## 9. Central services

CST has provided the following central services to its academies during the year; school improvement, financial, property management, procurement, legal, governance, safe guarding, data analysis, communications and others as arising.

CST charges for these services on the basis of 4% for Secondary schools and 5% for Primary schools of the General Annual Grant from the ESFA. It is not charged on Capital Grant Income, Pupil Premium Funding and income generated locally (lettings, catering, uniform sales, sponsorship, donations etc).

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Abacus Belsize Primary School	38	35
All Saints Junior School	24	25
Abbey Woods Academy	42	46
Benjamin Adlard Primary School	45	44
Boston West Academy	69	68
The Deepings School	277	282
Gladstone Park Primary School	144	144
Grampian Primary Academy	47	49
Judith Kerr Primary School	69	61
Lincoln Carlton Academy	53	44
Mount Street Infant Academy	48	50
Meadow Park Academy	66	68
Oakbank School	100	85
Oxford Spires Academy	227	182
Queensbury Academy	212	160
St Mark's Academy	192	211
	=====	=====
	1,653	1,554
	=====	=====

## 10. Key management personnel

The key management personnel of CST comprise the trustees and senior management team, as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £588,321 (2017: £433,652).

## 11. Trustees' remuneration and expenses

No Trustees or persons connected with them received any remuneration during the year for services as a Trustee. During the year ended 31 August 2018, travel and subsistence expenses totalling £3,252 (2017: £2,083) were reimbursed to 5 (2017: 4) Trustees.

## 12. Trustees' and Officers' insurance

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

## 13. Tangible fixed assets

	Freehold Land and Buildings £'000	Long Leasehold Land and Buildings £'000	Computer Equipment £'000	Furniture & Fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2017	20,186	96,144	4,072	3,363	37	123,802
Additions	124	773	76	470	-	1,443
Disposals	-	-	(12)	-	-	(12)
<b>At 31 August 2018</b>	<b>20,310</b>	<b>96,917</b>	<b>4,136</b>	<b>3,833</b>	<b>37</b>	<b>125,233</b>
<b>Depreciation</b>						
At 1 September 2017	2,318	10,345	3,382	1,849	36	17,930
Charge in year	467	3,062	374	517	1	4,421
Disposals	-	-	(5)	-	-	(5)
<b>At 31 August 2018</b>	<b>2,785</b>	<b>13,407</b>	<b>3,751</b>	<b>2,366</b>	<b>37</b>	<b>22,346</b>
<b>Net book values</b>						
At 31 August 2018	17,525	83,510	385	1,467	-	102,887
At 31 August 2017	17,868	85,799	690	1,514	1	105,872

There are leasehold assets of £5,466k held for The Deepings, where the property is held as a tenancy at will. Negotiations of the lease are ongoing; therefore, the assets have been treated as leasehold in substance and depreciated according to the Trust's depreciation policy.

## 14. Financial Instruments

	2018 £'000	2017 £'000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	5,554	5,990
	=====	=====
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,688	2,104
	=====	=====

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

## 15. Debtors

	2018 £'000	2017 £'000
Trade debtors	257	246
VAT recoverable	311	401
Other debtors	1,222	1,438
Prepayments and accrued income	1,151	693
	=====	=====
	2,941	2,778
	=====	=====

Included in other debtors is a balance of £1,013k (2017: £1,273k) due from the ESFA relating to additional funding for pupil number adjustments. Accrued income includes £890k (2017: £507k) due from the ESFA for student transport, pupil premium and national non-domestic rates reclaim.

## 16. Creditors

<b>Amounts falling due within one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors	1,021	1,505
Other taxation and social security	626	612
Loans (see below)	10	10
Accruals and deferred income (see below)	1,241	1,285
Other creditors	539	762
	=====	=====
	3,437	4,174
	=====	=====
<b>Creditors: amounts falling due after one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Accruals and deferred income (see below)	500	750
Loans	46	52
Other creditors	19	96
	=====	=====
	565	889
	=====	=====

## 16. Creditors (continued)

Creditors: deferred income	2018 £'000	2017 £'000
Deferred income at 1 September	1,436	1,122
Income deferred in the year	388	686
Amounts released from previous years	(686)	(372)
Deferred income at 31 August 2018 included in accruals and deferred income above	<u>1,138</u> =====	<u>1,436</u> =====

Included in deferred income is £275k (2017: £252k) for universal infant free school meal funding, £91k (2017: £73k) for Local Authority grants, £10k (2017: 76k) for teaching school grants, £12k (2017: £nil) for non-government funding, and £750k (2017: £1,000k) from the ESFA as an advance of future funding. The ESFA advance is being deducted from in year funding over a 4-year period started September 2017.

Loans of £56k (2017: £62k) are from Salix and provided on the following terms: 0% interest repayable over 6 years and maturing 1 September 2023.

Included within other creditors are £235k (2017: £100k) for funds received in advance for academy trips and catering. These trips will be taking place during the next academic year.

## 17. Funds

	Balance at 31 August 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	37,442	(38,080)	638	-
Start Up Grant	-	66	(66)	-	-
Other DfE / ESFA grants	-	2,162	(2,147)	-	15
Other government grants	-	1,719	(1,719)	-	-
Pupil Premium grants	-	2,234	(2,234)	-	-
Strategic School Improvement Fund	-	486	(304)	-	182
Digital Feedback grant	-	141	(60)	-	81
Non-government grants	42	100	(142)	-	-
Donations and other income	-	368	(274)	-	94
Activities for generating funds	-	189	(189)	-	-
Pension reserve (note 26)	(12,635)	-	(1,862)	3,862	(10,635)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted general funds</b>	<b>(12,593)</b>	<b>44,907</b>	<b>(47,077)</b>	<b>4,500</b>	<b>(10,263)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Restricted fixed asset funds</b>					
Acquired on conversion	63,773	-	(2,429)	-	61,344
DfE/ESFA capital grants	43,541	1,525	(2,055)	129	43,140
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted fixed asset funds</b>	<b>107,314</b>	<b>1,525</b>	<b>(4,484)</b>	<b>129</b>	<b>104,484</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted funds</b>	<b>94,721</b>	<b>46,432</b>	<b>(51,561)</b>	<b>4,629</b>	<b>94,221</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted fund</b>					
Unrestricted fund	1,398	2,193	(1,470)	(767)	1,354
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<b>96,119</b>	<b>48,625</b>	<b>(53,031)</b>	<b>3,862</b>	<b>95,575</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

**General Annual Grant:** The General Annual Grant must be used for the normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**Strategic School Improvement Fund:** Kyra Teaching School Alliance was successful in its bid to the DfE Strategic School Improvement Fund and has been awarded £495,758 to support 41 Lincolnshire primary schools (maintained and academy). The coalition of Lincolnshire Teaching Schools Together (LTT) will provide much of the capacity to deliver this project, although the funds were received the project was led by Kyra.

**Digital Feedback Grant:** The Education Endowment Fund awarded a grant to Kyra of £175,141 to lead a school-developed approach to improving teachers' diagnosis and feedback skills when teaching maths in primary schools.

**Other DfE/ESFA and Government grants:** Other grants include funding received from the DfE and Local Authorities for specific purposes.

## 17. Funds (continued)

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

**Pension reserve:** The pension reserve is the element of the local government pension fund liability attributable to the Trust (see note 26).

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

Comparative information in respect of the preceding period is as follows:

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

## 17. Funds – Group (continued)

### Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
Abacus Belsize Primary School	-	-
All Saints Junior School	158	154
Abbey Woods Academy	(232)	(132)
Benjamin Adlard Primary School	45	-
Boston West Academy	496	491
The Deepings School	-	-
The Deepings SCITT	15	-
Gladstone Park Primary School	-	-
Grampian Primary Academy	43	8
Judith Kerr Primary School	(345)	(297)
KYRA Teaching School	431	95
Lincoln Carlton Academy	-	-
Mount Street Infant Academy	9	2
Meadow Park Academy	(211)	(102)
Oakbank School	(1,130)	(887)
Oxford Spires Academy	-	-
Queensbury Academy	(1,869)	(1,733)
St Mark's Academy	617	683
Central services	176	88
CST Contingency Reserve	3,523	3,070
	<hr/>	<hr/>
Total funds before fixed assets and pension reserve funds	1,726	1,440
Restricted fixed asset fund	104,484	107,314
Pension reserve	(10,635)	(12,635)
	<hr/>	<hr/>
Total	95,575	96,119
	=====	=====

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

The reasons are as follows:

**Abbey Woods Academy:** The school has continued on its journey to an Ofsted Good judgement and has invested in teaching and learning this year to improve educational standards.

**Judith Kerr Primary:** The school has a historical deficit due to interim leadership arrangements and historical commitments.

**Meadow Park Academy:** The school has continued to invest in teaching and learning this year to ensure the sustainability of educational improvements achieved in recent years. This has resulted in the school being judged Good by Ofsted.

**Oakbank School:** The school has a historic deficit and faces challenges to deliver the full GCSE curriculum with low pupil numbers. The school has benefitted from strong growth in pupil numbers in recent years, however the school has moved to lagged funding which combined with the increasing pupil numbers has resulted in a further deficit this year.

**Queensbury Academy:** The Trust continues to work in conjunction with the ESFA to support the academy and their funding needs during the period of transition from being an upper to a secondary school. There is a 10-year plan in place to address the deficit.

## 17. Funds – Group (continued)

### Total funds analysis by academy (continued)

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs * (Excluding Depreciation) £'000	Total 2018 £'000	Total 2017 £'000
Abacus Belsize Primary	588	93	8	579	1,268	1,208
All Saints Junior School	384	66	3	210	663	709
Abbey Woods Academy	720	190	16	263	1,189	1,249
Benjamin Adlard Primary	751	204	33	201	1,189	1,088
Boston West Academy	1,090	189	28	314	1,621	1,579
The Deepings	5,099	1,295	77	1,570	7,764	7,923
The Deepings SCITT	136	131	-	333	600	723
Gladstone Park Primary	2,484	605	20	601	3,710	3,642
Grampian Primary	838	191	11	208	1,248	1,283
Judith Kerr Primary	1,145	216	11	387	1,759	1,604
KYRA Teaching School	260	120	-	578	958	615
Lincoln Carlton Academy	793	367	35	223	1,418	1,204
Mount Street Academy	1,059	151	28	131	1,369	1,354
Meadow Park Academy	1,227	296	16	249	1,788	1,843
Oakbank School	1,802	331	34	631	2,798	2,716
Oxford Spires Academy	4,094	1,029	55	1,137	6,315	5,880
Queensbury Academy	3,866	610	98	1,164	5,738	4,952
St Mark's Academy	3,516	737	79	1,146	5,478	5,682
Central services	-	1,334	1	337	1,672	1,697
	<u>29,852</u> =====	<u>8,155</u> =====	<u>553</u> =====	<u>9,987</u> =====	<u>48,547</u> =====	<u>46,960</u> =====

\* Excluding depreciation (£4,421k), loss on disposal (£7k) and capital grant funded expenditure (£56k).

## 18. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds 2018 £'000
Tangible fixed assets	-	-	102,887	102,887
Current assets	1,354	4374	1,597	7,325
Current (and non-current) liabilities	-	(4,002)	-	(4,002)
Pension scheme liability	-	(10,635)	-	(10,635)
<b>Total net assets</b>	<u>1,354</u> =====	<u>(10,263)</u> =====	<u>104,484</u> =====	<u>95,575</u> =====



## 18. Analysis of net assets between funds (continued)

Fund balances at 31 August 2017 are represented by:

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

## 19. Capital commitments

There were no capital commitments outstanding as at 31 August 2018.

## 20. Operating lease commitments

At 31 August 2018, the total of the Trust's future minimum lease payments under non-cancellable operating leases were:

	2018 £'000	2017 £'000
Due within one year	134	286
Due in one to five years	310	252
Due after five years	100	124
	=====	=====

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

	2018 £'000	2017 £'000
Net movement in funds for the year	(544)	637
Depreciation (note 7)	4,421	4,334
Disposal of tangible fixed assets	-	(270)
Capital grants from DfE and other capital income	(1,525)	(1,004)
Interest receivable (note 5)	(8)	(24)
Defined benefit pension scheme cost less contributions payable (note 26)	1,862	1,969
Defined benefit pension scheme finance cost (note 26)	(3,862)	(5,062)
Increase in debtors	(163)	(639)
Decrease in creditors	(1,065)	(1,572)
Net cash used in operating activities	(884)	(1,631)

## 22. Cash flows used in financing activities

	2018 £'000	2017 £'000
Repayments of borrowing -Salix loan	(5)	-
Net cash used in financing activities	(5)	-

## 23. Cash flows used in investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	8	24
Proceeds from sale of tangible fixed assets	7	298
Capital grants from DfE / ESFA	1,519	1,002
Capital funding received from others	6	2
Payments to acquire tangible fixed assets	(1,443)	(1,662)
Net cash used in investing activities	97	(336)

## 24. Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash in hand and at bank	3,349	3,465
Notice deposits (less than 3 months)	1,035	1,711
	4,384	5,176

## 25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 (2017: £10) for the debts and liabilities contracted before he/she ceases to be a member.

## 26. Pension and similar obligations

The Trust's employees belong to three principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedfordshire, Brent, Camden, Derbyshire, Lincolnshire, Merton, Oxfordshire, Berkshire and Southwark County Councils and the Prudential pension scheme. All are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS was 31 March 2016.

There were £60,017 outstanding contributions at the end of the financial year (2017: £414,279).

### Teachers' Pension Scheme

#### Introduction

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

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

#### Valuation of the Teachers' Pension Scheme

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

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

The next valuation of the TPS is underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £2,908k (2017: £2,756k).

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

## 26. Pension and similar obligations (continued)

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

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,968k (2017: £1,806k), of which employer's contributions totalled £1,508k (2017: £1,384 k) and employees' contributions totalled £460k (2017: £422k). The agreed contribution rates for future years are between 17.6% and 33.8% (2017: 14.1% and 30.0%) for employers and averages between 5.5% and 12.5% (2017: 5.5% and 12.5%) for employees.

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

Principal Actuarial Assumptions:	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.2%	3.3%
Rate of increase for pensions	2.3%	2.5%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.3%	2.5%
Retail price index assumption (RPI)	3.4%	3.4%

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

- London Borough of Merton Pension Fund
- Lincolnshire County Council

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

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

	Approximate increase in employer's liability	
	2018	2017
	£'000	£'000
0.1% - 0.5% decrease in real discount rate	1,762	1,595
1-year increase in member life expectancy	1,783	1,844
0.1% increase in salary increase rate	1,203	1,205
0.1% increase in employer's liability	1,833	1,512

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

	At 31 August 2018 (years)	At 31 August 2017 (years)
<b>Retiring today</b>		
Males	22.7	22.6
Females	24.9	24.7
<b>Retiring in 20 years</b>		
Males	24.7	24.7
Females	27.1	27.0

## 26. Pension and similar obligations (continued)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	15,930	14,286
Debt instruments	4,200	3,611
Property	2,206	1,671
Cash	1,292	985
<b>Total market value of assets</b>	<b>23,628</b>	<b>20,553</b>

Actual return on scheme assets was £775k (2017: £944k).

### Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	3,034	2,659
Net interest cost	336	339
Benefit charges, gain/(loss) on curtailment and gain/(loss) on settlement	-	355
<b>Total operating charge</b>	<b>3,370</b>	<b>3,353</b>

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

	2018 £'000	2017 £'000
At 1 September	33,188	33,138
Current service cost	3,034	2,636
Interest cost	876	721
Employee contributions	460	422
Actuarial loss	(3,076)	(4,303)
Benefits paid	(218)	(220)
Past service cost	-	23
Settlements	-	771
<b>At 31 August</b>	<b>34,264</b>	<b>33,188</b>

## 26. Pension and similar obligations (continued)

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

	2018 £'000	2017 £'000
At 1 September	20,553	17,410
Interest income	540	384
Actuarial gain / (loss)	11	(185)
Return on plan assets (excluding net interest on the net defined pension liability)	775	942
Employer contributions	1,508	1,384
Employee contributions	460	422
Benefits paid	(218)	220
Settlements	-	416
	<hr/>	<hr/>
At 31 August	23,629 =====	20,553 =====

## 27. Related party transactions

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

During the year the Trustees of Education Development Trust awarded a grant of £100,000 to the trust to invest in leadership development and school improvement.

The Trust purchases services from its sponsor Education Development Trust. All such services were purchased at cost only and amounted to £673,165 (2017: £837,614); £597,502 (2017: £775,710) relates to the recharge of salaries and related costs for staff seconded from Education Development Trust to the Trust; £2,334 (2017: £942) relates to products and services purchased by Education Development Trust on behalf of the Trust and the remaining £73,329 (2017: £60,692) is for services provided by Education Development Trust staff to the Trust.

The Trust sold services to its sponsor Education Development Trust during the year that amounted to £753 (2017: £nil).

At 31 August 2018 the Trust owed Education Development Trust £63,935 (2017: £nil), which is included in other creditors (see note 16).

## 28. Agency Arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018, the Trust received £73.5k and disbursed £69.6k from the fund. An amount of £225k is included in other creditors relating to undistributed funds that is repayable to ESFA.

The Trust distributes training bursary funds to trainees as an agent for the NCTL. In the accounting period ending 31 August 2018, the Trust received £289.5k and disbursed £264.2k. An amount of £25.3k is included in creditors relating to undistributed funds that is repayable to the NCTL.

## 29. Teaching schools trading account

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
<b>Income</b>						
<b>Direct Income</b>						
Other Income		803			326	
<b>Other Income</b>						
Fundraising and other trading		<u>1,106</u>			<u>332</u>	
<b>Total Income</b>			1,909			658
<b>Expenditure</b>						
<b>Direct costs</b>						
Direct staff costs	491			243		
Staff development	10			10		
Other direct costs	<u>770</u>			<u>233</u>		
<b>Total direct costs</b>		1,271			486	
<b>Other costs</b>						
Support staff costs	155			110		
Technology costs	31			3		
Other support costs	98			16		
Share of governance costs	3			-		
<b>Total other costs</b>		<u>287</u>			<u>129</u>	
<b>Total Expenditure</b>			1,558			615
<b>Surplus from all sources</b>			351			43
<b>Teaching school balances at 1 September 2017</b>			<u>95</u>			<u>52</u>
<b>Teaching school balances at 31 August 2018</b>			<u>446</u>			<u>95</u>

This note shows the results of the KYRA teaching school run by Mount Street academy and the school centred initial teacher training (SCITT) programme run by The Deepings.

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

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