



# COMMUNITY ACADEMIES TRUST

## Annual Report and Financial Statements

Year ended 31 August 2018

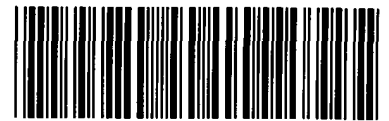
ONLINE at:

[www.communityacademiestrust.org](http://www.communityacademiestrust.org)

(A Company Limited by Guarantee)

Company Registration Number: 07472736 (England and Wales)

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# **Community Academies Trust**

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# **Community Academies Trust**

## **Reference and Administrative Details**

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### **CAT Members**

Mr. S Atkins  
Mr. N Bratt  
Mr. B Dimbleby (deceased 17 January 2018)  
Mr. S Mason

### **CAT Trustees / Directors**

Mr. S Atkins (Chair)  
Mrs. A Bardsley (resigned 24 May 2018, reappointed 22 October 2018, resigned 26<sup>th</sup> November 2018)  
Mr. N Bratt (resigned 18 January 2018)  
Mr. G Brown  
Mr. B Dimbleby (deceased 17 January 2018)  
Mr. P Hamilton (CEO and Accounting Officer) (resigned 26<sup>th</sup> November 2018)  
Mr. S Mason  
Mr. E May (resigned 26<sup>th</sup> November 2018)  
Mr. S Sibley (appointed 17 October 2018)  
Mrs. S Stewart (appointed 17 October 2018)  
Mr. R Vernon  
Rev. S Wallis

### **Company Secretary**

Mrs. A Bardsley

### **Senior Management Team**

- |  |   |
|--|---|
| - Chief Executive Officer & Founding Trustee                                   | Mr. P Hamilton                                |
| - Executive Director (Education) and Founding Trustee                          | Mr. E May                                     |
| - Executive Director (Finance and Operations)                                  | Mrs. A Bardsley                               |
| - Head Teacher, The Polesworth School  | Mrs. M Favell                                 |
| - Head Teacher, Birchwood Primary School                                       | Mr. N Coleman                                 |
| - Executive Head Teacher, Dordon Primary School & Wood End Primary School      | Mrs. M Cross                                  |
| - Head Teacher, Woodloes Primary School  | Mr. A Mitchell                                |
| - Head Teacher, Budbrooke Primary School                                       | Mr. J Stone (resigned 16 February 2018)       |
|  | Mr. C McKee (appointed 16 April 2018)         |
| - Executive Head Teacher, The Telford Langley School & The Telford Park School | Mr. S Carter                                  |
| - Head of School, The Telford Park School                                      | Mrs. H Rigby                                  |
| - Head Teacher, The Telford Priory School                                      | Ms. S Jordon                                  |
| - Head Teacher, Grange Park Primary School                                     | Mr. R Thorpe                                  |
| - Head Teacher, Stratford Primary School                                       | Mrs. G Humphriss (appointed 1 September 2017) |
| - Head Teacher, The Wilnecote School   | Mr. S Tonks (resigned 31 December 2017)       |
|  | Mrs. S Hartle (appointed 1 January 2018)      |
| - Head Teacher, Chadsmead Primary Academy                                      | Ms. G Grainger                                |
| - Head Teacher, Heathcote Primary School                                       | Mrs. L Jeffries                               |
| - Head Teacher, Windmill Primary School  | Mr. M Gibbons                                 |
| - Head Teacher, Stoneydelph Primary School                                     | Ms. J Wallbank                                |
| - Head of Teaching School  | Ms. A Rickus                                  |

### **Registered Office**

Dordon Road  
Dordon  
Tamworth  
Staffs  
B78 1QT

### **Company registration number**

07472736

# **Community Academies Trust**

## **Reference and Administrative Details (continued)**

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### **Auditors**

RSM UK Audit LLP  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

### **Bank**

Lloyds  
9 Birmingham Road  
Sutton Coldfield  
B72 1QA

### **Internal Auditors**

RB Chartered Accountant  
Meeson House  
76 Pinfold Lane  
Penkridge  
Staffordshire  
ST19 5AP

### **Directory of Academies year ended 31 August 2018**

Birchwood Primary School	Birchwood Avenue, Dordon, Tamworth, B78 1QU
Budbrooke Primary School	Styles Close, Hampton Magna, Warwick, CV35 8TP
Chadsmead Primary Academy	Friday Acre, Lichfield, WS13 7HJ
Dordon Community Primary School	Roman Way, Dordon, Tamworth, B78 1PJ
Grange Park Primary School	Grange Avenue, Stirchley, Telford, TF3 1FA
Heathcote Primary School	Vickers Ways, Heathcote, Warwick, Warwickshire, CV34 7AP
The Polesworth School	Dordon Road, Dordon, Tamworth, B78 1QT
Stoneydelph Primary School	Crowden Road, Wilnecote, Tamworth, Staffordshire, B77 3LS
Stratford-upon-Avon Primary School	Broad Street, Stratford-upon-Avon, CV37 6HN
The Telford Langley School	Duce Drive, Dawley, Telford, TF4 3JS
The Telford Park School	Grange Avenue, Stirchley, Telford, TF3 1FA
The Telford Priory School	New Road, Wrockwardine Wood, Telford, TF2 7AB
The Wilnecote School	Tinkers Green Road, Wilnecote, Tamworth, Staffordshire, B77 5LF
Windmill Primary School	Beaconsfield, Brookside, Telford, TF3 1LG
Wood End Primary School	Wood Street, Wood End, Atherstone, CV9 2QL
Woodloes Primary School	Deansway, Warwick, CV34 5DF

# **Community Academies Trust**

## **Trustees' Report**

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The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

### **Structure, Governance and Management**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Community Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Community Academies Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

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

#### **Trustees' Indemnities**

The trust makes use of the Government's Risk Protection Arrangement for academies and the indemnities therein.

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

The members appoint up to 6 trustees in accordance with the provisions in the Articles of Association. Further trustees are appointed by the existing trustees following an interview with a sub-committee of the trustees and their recommendation. Trustees are appointed after taking into account the skills and knowledge they can bring to the trust. The trust has used "Academy Ambassadors" to recruit further trustees.

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

Training and induction is provided for new trustees and depends on their existing experience. All trustees are provided with copies of policies, procedures, minutes, budgets, risk register, plans and other documents that they will need to undertake their role. As there are normally only one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

#### **Organisational Structure**

Community Academies Trust's board of trustees govern the work of the academies across the trust. They govern the full range of activity required by the trust. These include specialists in human resources, financial management, estates, education and school improvement.

Most of our academies have a Local Governing Body (LGB) comprising 9 governors for a primary school and 13 governors for a secondary school. Where a school is in challenging circumstances, it is governed by an Education Advisory Board (EAB) consisting of main trust board representatives, local stakeholders and school improvement experts who drive through rapid change to turn around provision. This EAB is disbanded once the school is settled and a LGB instated.

Each school has a Headteacher with a Strategic Leadership Team (SLT). This SLT and other leaders ensure strong and clear lines of accountability and the easy flow of information about the quality of provision. They are responsible for the delivery of the improvement plans and contribute to their formulation and implementation.

Further information on this work is described later in this report under Objectives, Strategies and Activities.

## Community Academies Trust

### Trustees' Report (continued)

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

A remuneration committee of the trustees is responsible for setting the pay of the executive leaders of the trust. It does this by benchmarking against advertised rates and bearing in mind the skillsets of staff and regional marketplace. Also considered is the requirement to maintain differentials in internal structures and the weight of responsibility attached to the role.

Headteachers and Heads of School have their pay determined under the School Teachers' Pay and Conditions document and related to the Individual Salary Range (ISR) attached to the school, personal performance and the requirements of TUPE.

#### Trade Union Facility Time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 the trust is required to publish the following information relating to trade union officials and facility time.

**Table 1**

Relevant Union Officials during 01/04/17-31/03/18	
Number of employees who were relevant union officials during the relevant period	Number of full time equivalent employees at the trust
12	813.63

**Table 2**

Percentage of time spent on facility time for each relevant union official during 01/04/17-31/03/18	
Percentage of time	Number of employees
0 – 50%	12
51 – 99%	0
100%	0

**Table 3**

Percentage of pay bill spent on facility time during 01/04/17-31/03/18	
The % of the total pay bill spent on facility time	0.05%

**Table 4**

Paid trade union activities	
As a percentage of total paid facilities time hours, the number of hours spent by employees who were Trade Union officials, during 01/04/17-31/03/18 on paid trade union activities	
25.93%	

## **Objectives and Activities**



The academy trust's objectives are specifically restricted to the advancing for the public benefit education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum and to promote for the benefit of the inhabitants of the United Kingdom 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 interest of social welfare and with the object of improving the condition of life of the said inhabitants.

### **Objectives and Aims**

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academies, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Everything we do is orientated around ensuring excellent community education for children and young adults aged 3 to 18.

Our approach is based on a fundamental belief that all young people have talent and the potential to achieve more than they ever thought possible.

Achievement is in three main areas:

- **Academic:** Excellent standards and outstanding progress are a prerequisite for success in life equipping young people with the skills and knowledge they will need to be successful, happy and productive citizens.
- **Social:** Excellent relationships for learning are a prerequisite for all other achievements. Relationships that engender mutual respect between young people, and all other members of our academies' communities will ensure learning can be fun in a disciplined and caring environment where the highest expectations are the norm.
- **Personal:** All young people achieve things they can be proud of every day in addition to academic success and outside our school's planned curriculum. We have a vital role in ensuring individuals develop their own talents and interests and have a responsibility to instill in them a sense of pride in who they are and what they achieve.

## **Community Academies Trust**

### **Trustees' Report (continued)**

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#### **Our Community**

We serve a diverse range of communities in Warwickshire including Polesworth, Warwick, Leamington Spa, Stratford upon Avon and nearby Warwickshire villages. We also serve communities in Telford, Tamworth and Lichfield. Our Academies in the year under review, in order of size by pupil numbers:

The Polesworth School (11-18), The Telford Priory School (11-16), The Wilnecote School (11-16), The Telford Langley School (11-16), Birchwood Primary School (4-11), Grange Park Primary School (3-11), Windmill Primary School (3-11), Woodloes Primary School (3-11), The Telford Park School (11-18), Chadsmead Primary Academy (3-11), Budbrooke Primary School (4-11), Stoneydelph Primary School (4-11), Dordon Community Primary School (4-11), Stratford upon Avon Primary School (4-11), Wood End Primary School (3-11) and Heathcote Primary School (4-11).

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



We are a well established and growing academy trust, rated highly by the DfE for our successful work in school improvement. The profile of our trust has changed again this year. We have assumed further responsibility for improving three schools including a brand new free school in Leamington Spa which we opened at the start of the academic year, the sponsorship of a struggling primary school and the management and leadership of a converter academy. Further OFSTED inspections this year have recognised the positive work of the trust, where the last of our sponsored secondary schools was inspected and no longer requires special measures. One of our primary schools moved from Special Measures to achieve a Good judgement and another primary school was judged by OFSTED as "may be better than good". In the inspection reports the support and leadership of Community Academies Trust has been recognised:



## Community Academies Trust

### Trustees' Report (continued)

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**The Telford Priory School** (Disadvantaged – 40%) – An amalgamation of two special measures secondary schools at the point of conversion on 1<sup>st</sup> November 2015) **OFSTED June 2018**

*"The multi academy trust and Governors provide a high level of challenge and support which is effectively helping the school to move forward at pace."*

*"Leaders utilise expertise from across the trust to help support and develop teaching and learning and their own leadership skills. Leaders participate in peer reviews with other leaders from across the trust, identifying where further developments are needed. The trust then ensures that additional support is put in place quickly. The support from the trust is highly effective."*

**Budbrooke Primary School** (Disadvantaged – 2%) – Special Measures at point of conversion on 1<sup>st</sup> October 2014, **OFSTED September 2017.**

*"This is a good school"*

*"The multi-academy trust provides support to the school through professional development for staff and involvement in monitoring and evaluation."*

**Woodloes Primary School** (Disadvantaged – 22%) – Good at point of conversion on 1<sup>st</sup> March 2015, **OFSTED March 2018**

*"I am of the opinion that the school has demonstrated strong practice and marked improvement in certain areas. This may indicate that the school is improving towards being outstanding. Therefore, I am recommending that the school's next inspection be a section 5 inspection."*

*"The school became an academy in 2015, and governors and members of the multi academy trust are dedicated and committed to the school's ongoing success. They have a strong understanding of the strengths and weaknesses of the school from the accurate and comprehensive information provided by you. The trust offers a wide range of professional development opportunities, such as courses, meetings and workshops."*

Our trust now has a national profile and we continue to respond to DFE approaches requesting support for other organisations. We remain one of only 25 trusts nationally to be identified as a supporting trust and have worked closely with a new trust in the south west.

Our trust is financially secure and well placed to continue to fulfill the trust's objectives of school improvement in the interests of excellent community education.

Our Chief Executive Officer was awarded an OBE in the 2018 New Year Honours list for services to education.

With this in mind the activities planned this coming year include:

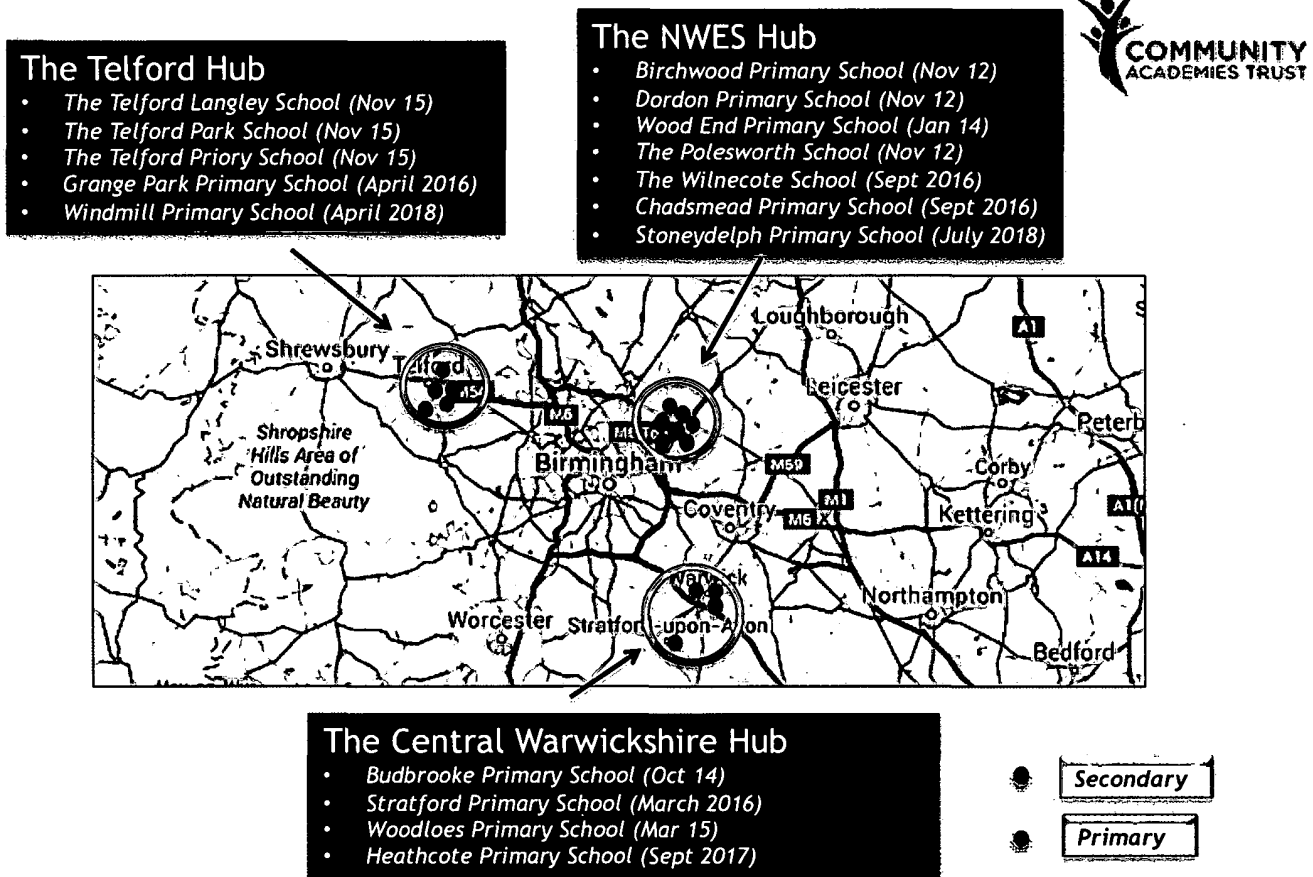
- A further converter academy in Tamworth has passed a governor resolution to join our trust
- 2 further converter academies are actively exploring joining our trust
- Consolidation of our school improvement work and further wide ranging support for our schools as they continue to improve.
- Significant investment and improvement of our trust's ICT infrastructure
- Continue to support other multi academy trusts and schools through our enhanced teaching school activity including a trust wide "Developing People" strategy.

# Community Academies Trust

## Trustees' Report (continued)

### Organisational Structure

Our vision is that our academies are led, managed and governed in groups that we call hubs. The following picture describes the schools in the Trust.



Education is for improving lives and for leaving your community and world better than you found it

Our ethos is to ensure the best local leaders lead local education provision (refer to [www.communityacademiestrust.org](http://www.communityacademiestrust.org)). On this basis we have evolved our governance structure to put it as close to provision as possible.

Each academy is a member of a School Improvement Hub that is governed by a Hub Governing Body (HGB) that comprises the Headteacher from each academy as well as the Chair of the Local Governing Body from each academy. Up to three members of the main trust board also sit on this HGB and provide direct governance of LGB effectiveness and school improvement.

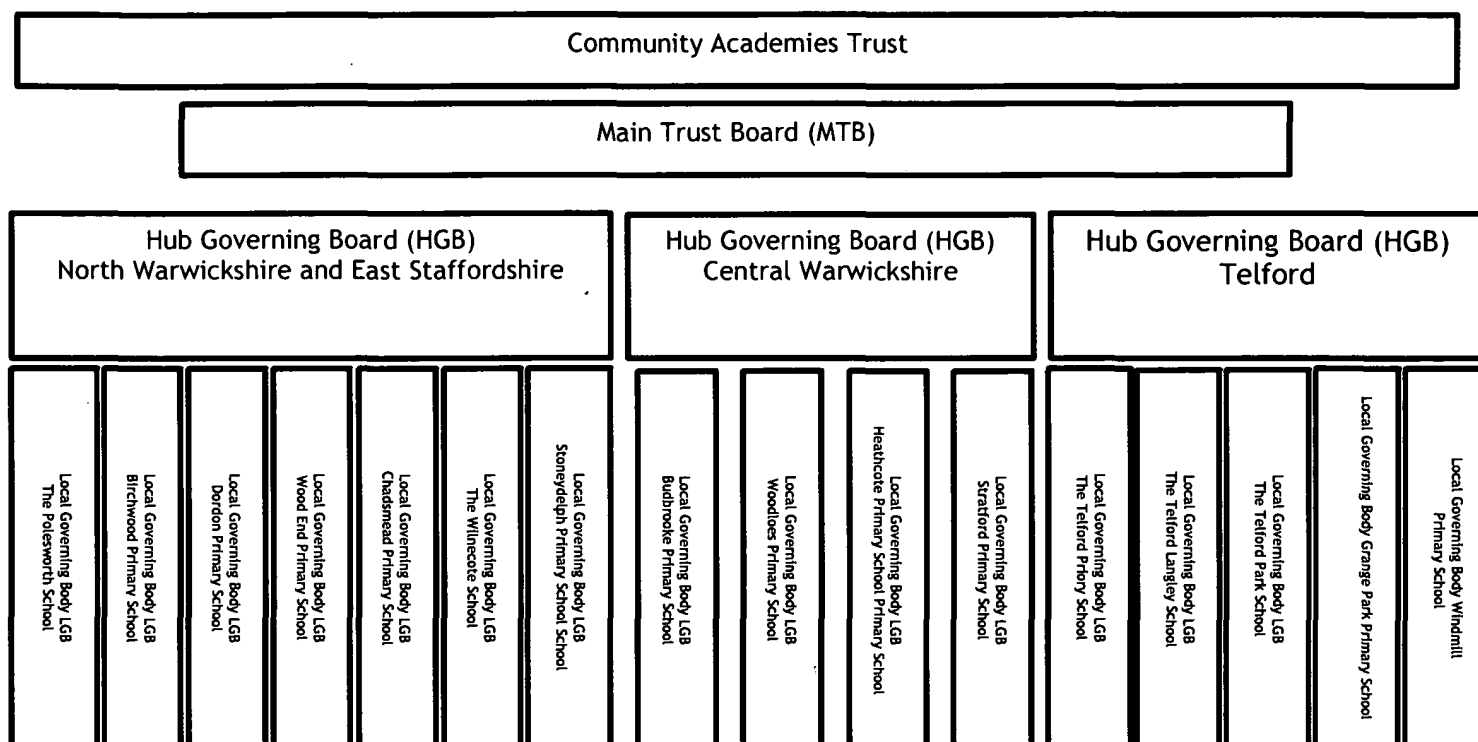
The governance arrangements ensure small local governing bodies are monitored for effectiveness through the Hub Governing Body (HGB). This HGB is tasked with the roles of; monitoring the performance of the academies and their governing bodies; enabling consultation and dialogue with the main trust board and other academies in the hub and ensuring schools in the hub support each other or seek wider support from the trust to ensure continuous school improvement.

Governors in our schools are different from traditional governors in that we consider them 'Guardians of Standards'. Our trust enables them to be free to focus entirely on holding the academies to account for the standards they achieve in teaching, behaviour, leadership and academic results, as well as ensuring that the hubs fulfill their goals as engines of school improvement.

## Community Academies Trust

### Trustees' Report (continued)

The following diagram describes this approach:



Academies in our trust sign up to some core principles. They are academies that are:

- Focused on achieving outstanding academic, personal and social outcomes for the children in their care and this is the main priority.
- Committed to the moral imperative of community school improvement and shared system leadership.
- Mutually supportive, not in competition with each other and are fiercely loyal to each other.
- Equal partners with all other schools irrespective of their phase, size or successes. Size does not matter, no one school is more important than another, and resources are shared for the common good of the group.
- Multi academy trust minded – our schools celebrate the success of others as well as themselves and we feel a shared accountability and understand where ultimate responsibilities rest.
- Financially disciplined and committed to our agreed financial principles.
- Committed to fulfilling their delegated responsibilities to the best of their abilities.

## Community Academies Trust

### Trustees' Report (continued)

#### Public Benefit

The trustees of Community Academies Trust have complied with their duty to provide high quality education. Trustees have made reference to the Charity Commission guidance and specifically para 4.1.27 of the Accounts Direction.



#### Strategic Report

##### Key Performance Indicators

##### Primary Academies Attainment at KS2

Academy	Date Academy joined CAT	Sponsor / converter	Achieving National Expected Standard of ATTAINMENT 2017				Achieving National Expected Standard of ATTAINMENT 2018			
			Expected Standard %	Reading %	Writing %	Maths %	Expected Standard %	Reading %	Writing %	Maths %
Birchwood	01/11/2012	Converter	63	76	76	73	74	81	90	81
Dordon	01/11/2012	Sponsored	53	63	76	57	56	81	74	77
Grange Park	01/04/2017	Converter	66	79	84	79	50	61	69	73
Stratford	01/03/2017	Sponsored	87	97	90	93	93	96	100	96
Wood End	01/01/2014	Sponsored	42	52	63	58	29	52	57	52
Woodloes	01/03/2016	Converter	64	73	80	75	67	73	88	76
Chadsmead	01/09/2016	Sponsored	61	75	73	77	71	77	83	79
Budbrooke	01/10/2014	Sponsored	74	93	86	79	66	72	84	72
Windmill	01/04/2018	Sponsored	34	48	48	54	52	60	74	71
Heathcote	01/09/2017	Free School	N/A							
Stoneydelph	01/07/2018	Converter	Exams taken before joining the trust							

##### Overall Progress from KS1 to KS2:

Scores are in line with national averages

	Reading (2017)	Writing (2017)	Mathematics (2017)
KS1 to 2 Progress	-1.0 (-0.37)	0 (-0.36)	-0.6 (-1.79)

# Community Academies Trust

## Trustees' Report (continued)

### Secondary Academies

#### Attainment and Progress at KS4

GCSEs have changed significantly since last year with grades 9-1 being used for all subject areas. A grade 4 is considered a standard pass. Polesworth remains judged outstanding and Priory's first inspection judged it as no longer requiring special measures. When they joined our trust 4 of the 5 secondary schools were in Special Measures. Following Priory's inspection in June 2018, there is now no longer any secondary school in our trust that has a current judgement of inadequate. Overall progress 8 scores for our secondary schools has improved for the second year running.

Academy	ATTAINMENT		
	9-4 (E&M)	EBacc including 5+ in E&M	Attainment 8
	2017/2018	2017/2018	2017/2018
The Polesworth School	62/69	24/20	45/47
The Telford Langley School	49/46	7/7	44/39
The Telford Priory School	43/43	1/7	3/7
The Telford Park School	31/26	0/3	34/34
The Wilnecote School	47/59	9/11	37/43

#### Overall Progress 8:

Progress 8	
2018	2017
-0.26	-0.387

### A Level Results

#### Attainment

Attainment (national average for 2017 in brackets).

1A\*-B 62.6%(62.6%)

1A\*-C 91.2%(86.2%)

1A\*-E 99.4%(99.1%)

Average Grade C(C)

#### Going Concern

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

## Community Academies Trust

### Trustees' Report (continued)

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#### Financial Review

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which are restricted to particular 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.

The trust also receives grants for tangible fixed assets and fixed asset donations. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants or donations are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £43.6 million (2017: £43.1 million) was covered by recurrent grant funding from the ESFA together with other incoming resources resulting in total incoming resources of £49.3 million (2017: £56.1 million). This comprises £8.8m brought into the Trust on conversion and £40.5m relating to existing operations. Excluding transactions involving fixed assets and pension liabilities the excess of expenditure over income for the year was £0.3m (2017: £1.1m surplus). This included reserves inherited from schools joining the Trust of £nil (2017: £0.2m)

At 31 August 2018 the net book value of tangible fixed assets was £90.4 million (2017: £81.9 million) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used for providing education and the associated support services to the pupils of the academy trust and for the provision of leisure facilities to the community in accordance with the trust's Articles of Association.

At 31 August 2018 the LGPS pension liability was £14.5m (2017: £15.7m). This change was mainly due to an increased liability of £1.0m from schools joining the trust, operating charge of £1.6m (net of employer contributions) and to £3.8m gain due to changes in actuarial assumption. Full details are shown in note 26. Trustees intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due.

#### Financial and Risk Management Objectives and Policies

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of the academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching and learning and health and safety). They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

#### Reserves Policy

The trustees review the reserve levels of the trust termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Reserves are also held to support the trust's growth. Trustees currently target that the level of general reserves held should be sufficient to cover both 1 month's salary costs plus any known commitments. Current reserves are slightly below this target and investments of £3m are held to cover this (note 13). Note 17 analyses the reserves of the trust between the constituent academies and the central services.

At 31 August 2018, reserves held by the trust were as follows:

Restricted Fixed Assets	£91.2m
Restricted general excluding Pensions	£ 2.8m
Restricted pension	(£14.5m) (deficit)
Unrestricted	£ 0.9m
<b>Total</b>	<b>£80.3m</b>

# **Community Academies Trust**

## **Trustees' Report (continued)**

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### **Reserves Policy (continued)**

The balance held on restricted fixed assets included £0.8m of School Condition Allocation and other capital grants received, earmarked for specific projects, the majority of which it is expected to spend within the next financial year. The remainder of the restricted fixed assets fund (£90.4m) can only be realised by disposing of tangible fixed assets.

Restricted general funds (excluding pensions) includes £0.389m of grants received earmarked for school improvement work, opening of the free school and unresolved single status claims, which it is anticipated will be spent within the next 24 months. The rest of the balance on both restricted general funds and unrestricted funds will be used for educational purposes in accordance with the objects of the trust and the reserves policy approved by trustees.

As with many members of the LGPS, the pension scheme is in deficit. Trustees intend to continue to follow the actuaries' advice as regards future contributions in order that the scheme is in a position to pay pensions as they become due. It is anticipated that employer contributions into the fund will rise in future years.

### **Investment Policy**

Trustees believe that risk-free bank deposit accounts are the most appropriate place to invest surplus cashflow. Advice is taken from the trust's bankers and funds invested as follows:

Working capital is invested in a bank current account or equivalent. A balance of at least one month's salary costs is maintained. It is recognised that a small amount of interest is payable on this balance but our bankers offer academies free banking which results in this lower interest rate.

Surplus cash is invested in a mixture of notice accounts with a UK based banking provider to earn higher interest rates than on the current account but to stagger easy access to funds over the year to meet cashflow requirements.

Any interest earned is paid into the trust central budget to benefit all schools within our trust.

Balances invested are reported to trustees on a termly basis.

Trustees do not intend to invest reserves in stocks and shares or other volatile investments as they do not feel these represent an acceptable level of risk to the trust.

### **Principal Risks and Uncertainties**

To achieve our vision we need to be aware of the principal risks that affect our work. The trustees have assessed the major risks to which the trust is exposed by reviewing and interrogating a risk register. The risks we face in a rapidly changing education landscape continue to evolve over time, but we summarize them under 10 strategic risks:

- The risk that we do not meet our governance obligations
- The risk we cannot use our school premises to deliver education
- The risk that our school premises are not safe
- The risk that we are not a good employer
- The risk that we are financially unsustainable
- The risk that we do not comply with financial requirements
- The risk that growth is not in line with trust objectives
- The risk that schools do not obtain excellent outcomes for learners
- The risk a child in our care is not safe
- The risk that our reputation prevents us from achieving our goals

The board of trustees reviews the risk register annually. The audit committee of the trust has the monitoring and mitigation of risk at the centre of its remit and carries out an in depth review of selected strategic risks on a cyclical basis. The executive leadership of the trust also review all risks annually and mitigation of risk is incorporated into the trust's strategic plan and the performance objectives of individual staff members.

## **Community Academies Trust**

### **Trustees' Report (continued)**

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#### **Principal Risks and Uncertainties (continued)**

At present areas which the board consider to be high risk include:

- Education funding nationally, including implementation of the National Funding Formula and the extreme pressure on the high needs budget in each Local Authority.
- Future unfunded cost pressures including pay awards, national minimum wage, pension contributions, energy prices and the uncertainty caused by Brexit.
- The need for growth to be sustainable
- The relationship between equal pay and TUPE when accepting schools into the trust from previous organisations which operated on a number of different pay and grading schemes.

Over the year numerous actions have been taking to mitigate risk and improve consistency including:

- Planned implementation of GDPR
- Revised suite of health and safety policies across the trust
- Increased internal training
- Appointment of a Head of IT

#### **Fundraising**

The academy trust carries out a limited amount of fundraising at a local level, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in each school in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the trust's complaints procedure.

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

The trust's growth model is based around the governance of school improvement hubs as described earlier in this report. We have decided that an optimum size for a hub is 6 academies and therefore the hub in North Warwickshire is at capacity. The two other hubs do have space for further academies to join them if they are in the same geographical vicinity. The hub model can also be replicated and growth decisions going forward will be based on groups of academies forming new hubs rather than growth via isolated single academies.

The trustees have also identified this growth as a further means of developing capacity and would envisage any new hub joining our organisation would bring with it sufficient capacity to fulfill the expectation of a self improving group of academies. By growing in this way within a single multi academy trust, the trust feels that it will be better placed to meet the challenges posed by changes to school funding arrangements, levels of income and changes likely to affect our fixed costs which continue to rise in line with pay rises, incremental drift in staff salaries and inflation.

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

The Trust holds funds on behalf of the Telford & Wrekin Primary School PE Association. This organisation exists to improve educational provision in its community and so is aligned with the objectives of the trust. The trust also distributes 16-19 bursary funds to students as an agent for the ESFA. Financial information is provided in note 28 to the accounts.

#### **Employees and disabled persons**

As the trust employs over 250 persons it is required to have a policy in respect of applications for employment for disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons. This policy can be accessed on the trust website.

The mechanism for the trust to consult with employees on matters affecting them is the Hub governance system. During the year a number of policies have been adopted following consultation.



## **Community Academies Trust**

### **Trustees' Report (continued)**

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#### **Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

#### **Statement as to disclosure of information to auditors**

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 12 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. Atkins', with a long horizontal flourish extending to the right.

**Mr. S Atkins**

Chair of Trustees

12 December 2018

# Community Academies Trust

## Governance Statement

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### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Community Academies 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 Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Community Academies Trust and the Secretary of State for Education. The Chief Executive 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 main board of trustees met 6 times during the year. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. S Atkins (Chair)	6	6
Mr. N Bratt	1	2
Mr. B Dimbleby	2	2
Mr. P Hamilton	6	6
Mr. S Mason	5	6
Mr. E May	5	6
Rev. S Wallis	5	6
Mrs. A Bardsley	3	4
Mr. R Vernon	6	6
Mr. G Brown	5	6

### Governance reviews

The governance of the trust was reviewed throughout the year, but in particular during a directors' conference in March. The trustees considered the characteristics of effective governance and reviewed their performance against material provided by the DfE for this purpose. Various key performance indicators were discussed and reviewed and trustees decided on which they found most useful. The CEO's report has been refined and developed through the year in response to this governance review.

The regional schools commissioner carried out a program of review of the practice of the boards of trusts across the region and her representative attended one of our meetings during the year and was positive about the focus and conduct of the meeting.

Trustees continue to discuss the separation of members and trustees and actively sought additional trustees over the year, using Academy Ambassadors as a vehicle to attract highly skilled individuals. Two new trustees have been appointed in October 2018 as a result of that work.

### Audit Committee

The audit committee is a sub committee of the main board of trustees. The purpose of the audit committee is to advise the board on matters relating to the trust's audit arrangements, risk and systems of internal control and to aid the board's responsibility to ensure sound management of the trust's finances and resources. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Brown (Chair)	3	3
Mr. S Atkins	2	3
Mr. S Mason	2	3

## Community Academies Trust

### Governance Statement (continued)

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#### Remuneration Committee

The remuneration committee is a sub committee of the main board of trustees. The purpose of the remuneration committee is to advise the board on matters relating to executive pay. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. S Mason (chair)	2	2
Mr. S Atkins	2	2
Mr. N Bratt	1	1
Mr. B Dimbleby	1	1
Mr R Vernon	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 has delivered improved value for money during the year by:

- Improving educational provision in our schools. This is supported by the Ofsted judgments received and therefore represents increased value for money for taxpayers.
- Attracting other schools through our successes to join the trust and this should help us to achieve future economies of scale.
- Substantial building works to improve heating systems have been carried out at our older schools, funded by the School Condition Allocation. This has led to demonstrable reductions in energy consumption as well as a more pleasant working and learning environment.
- The development of the Teaching School is contributing to teacher development and training in our wider community and also providing a "Developing People" strategy to support staff across the trust.
- Securing grant funding to enable us to employ a Head of IT whose role is to improve our IT infrastructure over the next year to both reduce costs and improve provision.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Community Academies Trust for the year to 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 the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the year to 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 Audit Committee considers risk at every meeting.

Trustees are aware of their responsibilities and have directed a number of reviews to carry out regular scrutiny of financial and other data. This is supported by regular reports to the Local Governing Bodies and main board of trustees. The system of internal control aims to provide as much assurance as is reasonably possible (not absolute assurance) that assets are safeguarded, transactions are properly authorised and recorded and that material errors or irregularities are either prevented or can be detected promptly.

## Community Academies Trust

### Governance Statement (continued)

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#### The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the board of trustees 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 including the comparison of key performance indicators;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint individual specialists to act as internal auditor on specific matters as directed.

Internal auditors performed a range of checks on the academy trust's financial systems. A sample of schools has been visited over the course of the year and a targeted review undertaken of controls in the schools and in the central team. The audit committee received a number of reports on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year September 2017 to August 2018 themed financial risk reviews were carried out by RB Chartered Accountants concerning the following:

- Payroll
- Completion of school census

The schedule of work as planned by the audit committee has been delivered as expected. Any control issues highlighted have been or are being resolved.

The trust was subject to a multi academy trust finance and governance review carried out by the Education and Skills Funding Agency in October 2017. The limited areas identified for improvement are being resolved and an action plan is being monitored by the audit committee.

#### Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year this has been informed by:

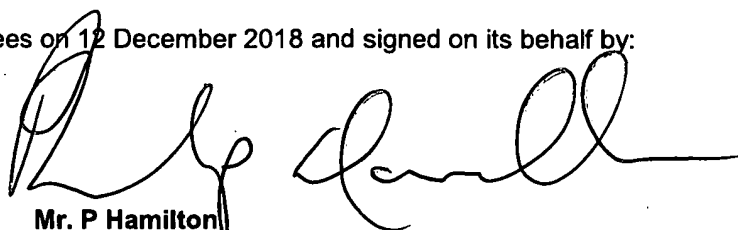
- The work of the themed risk reviews
- The work of the external auditor
- The work of the Executive Director (Finance and Resources) and finance team who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



**Mr. S Atkins**  
Chair of Trustees



**Mr. P Hamilton**  
Accounting Officer

## **Community Academies Trust**

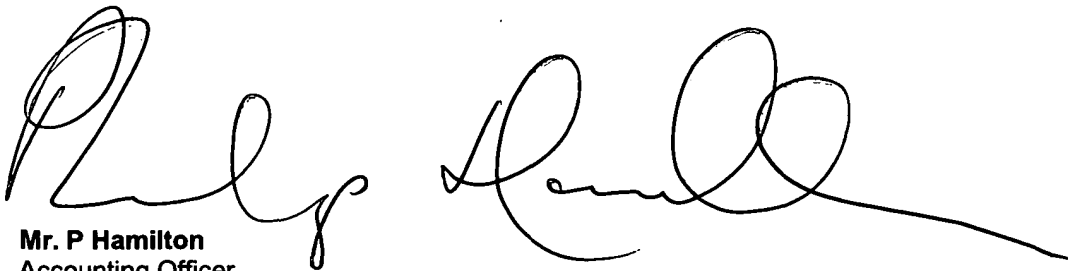
### **Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of Community Academies Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Community Academies Trust 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 the trust's funding agreement and the Academies Financial Handbook 2017.

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

A handwritten signature in black ink, appearing to read 'P. Hamilton', written in a cursive style.

**Mr. P Hamilton**  
Accounting Officer

12 December 2018

## **Community Academies Trust**

### **Statement of Trustees' Responsibilities**

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The trustees (who act as governors of Community Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued 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 period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 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 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 to 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 12 December 2018 and signed on its behalf by:



**Mr. S Atkins**

Chair of Trustees

# **Community Academies Trust**

## **Independent Auditor's Report to the Members of Community Academies Trust**

### **Year Ending 31 August 2018**

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#### **Opinion**

We have audited the financial statements of Community Academies Trust (the "charitable company") 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 charitable company 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. 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.

# **Community Academies Trust**

## **Independent Auditor's Report to the Members of Community Academies Trust**

### **Year Ending 31 August 2018 (continued)**

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#### **Opinion on other matter 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 and 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 and 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and 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 by the charitable company, 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 set out on page 20, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 auditor's 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

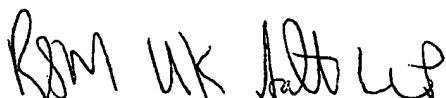


**Community Academies Trust**  
**Independent Auditor's Report to the Members of Community Academies Trust**  
**Year Ending 31 August 2018 (continued)**

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**Use of our report**

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



Philip Coleman (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

14 December 2018

# Community Academies Trust

## Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	12	26	1,250	1,288	8,840
Transfer from local authority on conversion	30	4	(1,047)	9,820	8,777	-
Business combinations		-	-	-	-	8,643
Charitable activities						
Funding for the Academy Trust's educational operations	3	1,185	36,830	-	38,015	37,366
Teaching School	31	-	437	-	437	411
Other trading activities	4	706	-	-	706	768
Investments	5	37	-	-	37	26
<b>Total</b>		1,944	36,246	11,070	49,260	56,054
<b>Expenditure on:</b>						
Raising funds	6	(746)	-	-	(746)	(768)
Charitable activities:						
Academy Trust educational operations	7	(1,233)	(38,505)	(2,744)	(42,482)	(42,018)
Teaching School	31	-	(381)	-	(381)	(301)
<b>Total</b>		(1,979)	(38,886)	(2,744)	(43,609)	(43,087)
<b>Net income / (expenditure)</b>		(35)	(2,640)	8,326	5,651	12,967
Transfers between funds	17	-	(223)	223	-	-
<b>Other recognised gains / (losses)</b>						
Re-measurement of net defined benefit obligation	26	-	3,814	-	3,814	5,156
<b>Net movement in funds</b>		(35)	951	8,549	9,465	18,123
<b>Reconciliation of funds</b>						
Total funds brought forward	17	929	(12,691)	82,620	70,858	52,735
<b>Total funds carried forward</b>		894	(11,740)	91,169	80,323	70,858

**Community Academies Trust**  
**Company Number 07472736**  
**Balance Sheet as at 31 August 2018**

	Notes	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	12	90,393	81,873
Other Investments	13	3,000	3,000
<b>Current assets</b>			
Debtors	14	1,354	1,194
Cash at bank and in hand	24	3,589	3,994
		4,943	5,188
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	(3,448)	(3,439)
<b>Net current assets</b>		1,495	1,749
<b>Total assets less current liabilities</b>		94,888	86,622
Creditors: Amounts falling due after more than one year	16	(20)	(25)
<b>Net assets excluding pension liability</b>		94,868	86,597
Defined benefit pension scheme liability	26	(14,545)	(15,739)
<b>Total net assets</b>		80,323	70,858
<b>Funds of the Academy Trust:</b>			
<b>Restricted income funds</b>			
Fixed asset fund	17	91,169	82,620
General fund	17	2,805	3,048
Pension reserve	17	(14,545)	(15,739)
<b>Total restricted funds</b>		79,429	69,929
<b>Unrestricted income funds</b>			
General fund	17	894	929
<b>Total unrestricted funds</b>		894	929
<b>Total funds</b>		80,323	70,858

The financial statements on pages 24 to 54 were approved by the trustees, and authorised for issue on 12 December 2018 and are signed on their behalf by:



**Mr. S Atkins**  
Chair of Trustees

**Community Academies Trust**  
**Statement of Cash Flows for the Year Ended 31 August 2018**

	Notes	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash (used in)/ provided by operating activities	21	(243)	639
Cash flows from investing activities	22	(157)	(1,030)
Cash flows from financing activities	23	(5)	(4)
Cash transferred on acquisitions	30	-	893
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(405)</b>	<b>498</b>
Cash and cash equivalents at 1 September 2017		<b>3,994</b>	<b>3,496</b>
<b>Cash and cash equivalents at 31 August 2018</b>		<b>3,589</b>	<b>3,994</b>

# **Community Academies Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2018**

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Community Academies Trust is a charitable company incorporated in the UK. The address of its principle place of business is given in page 1 and the nature of its operations is set out in the Trustees' Report.

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

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

#### **Basis of accounting**

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

Community Academies Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £'000, except where otherwise stated.

#### **Going Concern**

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

#### **Incoming Resources**

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

##### **▪ Grants**

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

General Annual Grant is recognised in full in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Any unspent amount is reflected as a balance in the restricted general fund.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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### 1. Statement of Accounting Policies (continued)

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

The academy trust is benefiting from the ESFA's Priority Schools Building Programme. The funding for the programme is not recognised as a capital grant until there is an unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls (through lease) the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

#### ▪ Donations

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

#### ▪ Other Income

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

#### ▪ Transfer on conversion

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

#### ▪ Transfer of existing academies into the Trust

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the business combination within Donations and capital grant income.

#### ▪ Donated fixed assets

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

#### ▪ Interest

Interest is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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### 1. Statement of Accounting Policies (continued)

#### Expenditure

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

#### ▪ Expenditure on Raising Funds

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

#### ▪ Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

#### Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	33.3% (3 years)
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#### Tangible Fixed Assets

Assets costing £5,000 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 and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold buildings	2% (50 years)
Long leasehold buildings	2% (50 years)
Building improvements	7% (15 years)
Furniture and equipment	10-15% (6-10 years)
Computer equipment	33.3% (3 years)
Motor Vehicles	25% (4 years)

# **Community Academies Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

### **1. Statement of Accounting Policies (continued)**

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

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

#### **Fixed Asset Investments**

Fixed asset investments are cash invested in interest paying bank accounts with notice period of 1 year or more.

#### **Liabilities**

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

#### **Provisions**

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

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

#### **Leased Assets**

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

#### **Financial Instruments**

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 29. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 29. 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.

#### **Taxation**

The academy trust is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.



# **Community Academies Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

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### **1. Statement of Accounting Policies (continued)**

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

#### **Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

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

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

#### **Fund Accounting**

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

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

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

#### **Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation toward its own administration costs and this is recognised in the statement of financial activities. The funds received are paid and any balances held are disclosed in note 28.

# **Community Academies Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

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### **1. Statement of Accounting Policies (continued)**

The trust holds funds on behalf of the Telford & Wrekin Primary School PE Association. This organisation exists to improve educational provision in its community and so is aligned with the objectives of the trust. Financial information is provided in note 28 to the accounts. No fee is taken for administration costs.

#### **Short-term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the academy trust. The cost of any unused holiday entitlement the academy trust expects to pay in future periods is recognised in the period the employees' services are rendered where material.

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	1,222	1,222	1,562
Donated fixed assets	-	-	-	7,218
Other donations	12	54	66	60
<b>Total 2018</b>	<b>12</b>	<b>1,276</b>	<b>1,288</b>	<b>8,840</b>
<b>Total 2017</b>	<b>35</b>	<b>8,805</b>		<b>8,840</b>

Donations from a Local Authority on conversion are shown in note 30.

### 3. Funding for the academy trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	31,770	31,770	31,650
Other DfE/ESFA grants	-	3,742	3,742	3,539
	-	35,512	35,512	35,189
<b>Other Government grants</b>				
Local Authority grants	-	1,148	1,148	996
	-	1,148	1,148	996
<b>Other income from the academy trust's educational operations</b>				
School trips	418	-	418	309
Catering income	386	-	386	373
Other income	381	170	551	499
	1,185	170	1,355	1,181
<b>Total 2018</b>	<b>1,185</b>	<b>36,830</b>	<b>38,015</b>	<b>37,366</b>
<b>Total 2017</b>	<b>895</b>	<b>36,471</b>		<b>37,366</b>

### 4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of facilities	240	-	240	242
Catering income	13	-	13	13
Other income	453	-	453	513
<b>Total 2018</b>	<b>706</b>	<b>-</b>	<b>706</b>	<b>768</b>
<b>Total 2017</b>	<b>768</b>	<b>-</b>		<b>768</b>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	37	-	37	26
<b>Total 2018</b>	<b>37</b>	<b>-</b>	<b>37</b>	<b>26</b>
Total 2017	26	-		26

### 6. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	219	112	415	746	768
Academy Trust educational operations					
▪ Direct costs	20,997	2,744	4,071	27,812	28,892
▪ Allocated support costs	10,859	1,404	2,407	14,670	13,126
Teaching School	162	-	219	381	301
<b>Total 2018</b>	<b>32,237</b>	<b>4,148</b>	<b>7,112</b>	<b>43,609</b>	<b>43,087</b>
Total 2017	30,829	5,623	6,635		43,087

The expenditure on raising funds, teaching school and educational operations was £43,609,000 (2017: £43,087,000) of which £1,979,000 was unrestricted (2017:£1,822,000), £38,886,000 restricted (2017:£37,025,000) and £2,744,000, restricted fixed assets (2017:£4,240,000)

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

	2018 £000	2017 £000
Operating lease rentals	226	145
Depreciation	2,744	2,482
Loss on disposal of fixed assets	-	1,758
Net interest on defined benefit pension liability	397	417
Fees payable to auditor for		
- audit	43	37
- other services	-	2

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 7. Charitable activities - academy trust educational operations

	<b>Total 2018 £000</b>	<b>Total 2017 £000</b>
Direct costs – educational operations	<b>27,815</b>	28,892
Support costs – educational operations	<b>14,670</b>	13,126
	<b>42,482</b>	<b>42,018</b>

#### Analysis of support costs

	<b>Total 2018 £000</b>	<b>Total 2017 £000</b>
Support staff costs	<b>10,859</b>	9,816
Technology costs	<b>79</b>	74
Premises costs	<b>1,404</b>	1,265
Other support costs	<b>2,101</b>	1,756
Governance costs	<b>227</b>	215
	<b>14,670</b>	<b>13,126</b>

### 8. Staff numbers and costs

#### a. Staff costs

	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	<b>23,627</b>	22,661
Social security costs	<b>2,153</b>	2,153
Operating costs of defined benefit pension schemes	<b>5,210</b>	4,806
Apprenticeship Levy	<b>103</b>	41
Total Staff costs	<b>31,093</b>	29,661
Other Costs		
Supply teacher costs	<b>1,021</b>	1,112
Staff restructuring costs	<b>123</b>	56
Total	<b>32,237</b>	<b>30,829</b>
Staff restructuring costs comprise:		
Redundancy payments	<b>3</b>	9
Severance payments	<b>120</b>	47
	<b>123</b>	<b>56</b>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non-contractual severance payments totaling £120,263 (2017: £46,581). Individually the payments were:

Amount (£)	Made on
4,000	20 October 2017
1,520	9 November 2017
30,000	23 November 2017
7,500	29 January 2018
9,982	5 March 2018
3,211	13 March 2018
30,000	16 April 2018
6,678	21 June 2018
24,870	14 August 2018
2,500	31 August 2018

### c. Staff numbers

The average number of persons employed by the Academy Trust during the period expressed by headcount was as follows:

	2018 Number	2017 Number
Teachers	420	375
Administration and support	754	756
Management	30	70
	<u>1,204</u>	<u>1,201</u>

The average number of persons employed by the Academy Trust during the period expressed as full time equivalents was as follows:

	2018 Number	2017 Number
Teachers	358	304
Administration and support	389	373
Management	30	68
	<u>777</u>	<u>745</u>

The definition of "management" has been adjusted in the year as a response to the growth of the trust to exclude staff with a significant teaching commitment so as to more reflect management across the trust.

### d. Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	12	11
£70,001 - £80,000	5	5
£80,001 - £90,000	3	3
£90,001 - £100,000	1	-
£120,001 - £130,000	1	1
£150,001 - £160,000	1	1
	<u>23</u>	<u>21</u>

Two of the above employees participate in the Local Government Pension Scheme and all of the other above employees participate in the Teachers' Pension Scheme. Both are defined benefit schemes.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### e. Key management personnel

The key management personnel of the Academy Trust comprise the Chief Executive Officer, Executive Director (Education), Executive Director (Finance and Operations) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer NI) received by key management personnel for their services to the Academy Trust was £1,808,688 (2017: £1,717,283).

### 9. Related Party Transactions - Trustees' Remuneration & Expenses

Three trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The Chief Executive Officer, Executive Director (Education) and Executive Director (Finance and Operations) only receive remuneration in respect of services they provide undertaking their roles as a staff member under their contracts of employment.

	2018 £	2017 £
Remuneration		
Mr. P Hamilton (Chief Executive Officer)	158,000	155,000
Mr. E May (Executive Director (Education))	121,500	120,000
Mrs. A Bardsley (Executive Director (Finance and Operations))	60,000	78,000
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	-	4,075
Employer's pension contribution		
Mr. P Hamilton (Chief Executive Officer)	26,038	25,544
Mr. E May (Executive Director (Education))	20,023	19,776
Mrs. A Bardsley (Executive Director (Finance and Operations))	13,705	17,784
Mrs. L Grinham (Finance & Admin Assistant, Birchwood Primary School)	-	929

During the year ended 31 August 2018, travel and subsistence expenses totaling £12,822 (2017: £9,460) were reimbursed to 5 Trustees (2017: 4 Trustees). This expense predominately relates to mileage claims.

Other related party transactions involving trustees are set out in note 27.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 10. Central services

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

- School improvement
- Financial services (including finance software)
- Payroll management
- Human Resources
- Asset management
- Staff development
- Risk management
- Treasury management
- Statutory reporting

The trust charges for these services on the following basis:

4% of GAG, sixth form, nursery and ESG Funding.

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Birchwood Primary School	57	51
Budbrooke Primary School	35	32
Chadsmead Primary Academy	53	58
Dordon Primary School	35	31
Grange Park Primary School	68	59
Heathcote Primary School	10	-
The Polesworth School	288	243
Stoneydelph Primary School	7	-
Stratford-upon-Avon Primary School	28	27
The Telford Langley School	131	121
The Telford Park School	97	80
The Telford Priory School	200	199
Wilnecote High School	147	153
Windmill Primary School	28	-
Wood End Primary School	24	22
Woodloes Primary School	61	53
	<u>1,269</u>	<u>1,129</u>

### 11. Trustees and officers insurance

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



# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 12. Tangible Fixed Assets

	Freehold Land & Buildings	Long Leasehold Land & buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 September 2017	55,323	28,239	2,683	2,060	13	<b>88,318</b>
Assets on conversion or business combination	5,356	4,355	44	65	-	<b>9,820</b>
Additions	392	939	39	74	-	<b>1,444</b>
Disposals	-	-	-	-	-	<b>-</b>
At 31 August 2018	<b>61,071</b>	<b>33,533</b>	<b>2,766</b>	<b>2,199</b>	<b>13</b>	<b>99,582</b>
<b>Depreciation</b>						
At 1 September 2017	1,531	2,610	888	1,403	13	<b>6,445</b>
Charged in period	1,013	757	530	444	-	<b>2,744</b>
Disposals	-	-	-	-	-	<b>-</b>
At 31 August 2018	<b>2,544</b>	<b>3,367</b>	<b>1,418</b>	<b>1,847</b>	<b>13</b>	<b>9,189</b>
<b>Net book values</b>						
At 31 August 2018	<b>58,527</b>	<b>30,166</b>	<b>1,348</b>	<b>352</b>	<b>-</b>	<b>90,393</b>
At 31 August 2017	<b>53,792</b>	<b>25,629</b>	<b>1,795</b>	<b>657</b>	<b>-</b>	<b>81,873</b>

The trust's transactions relating to land and buildings included:

- The acquisition of the leasehold at Windmill Primary School which was donated to the trust by Telford & Wrekin Borough Council on conversion at a value of £4.355m.
- The acquisition of the freehold at Stoneydelph Primary School which was donated to the trust by Tame Valley Co-operative trust on conversion at a value of £5.356m.

### 13. Other Investments

	2018 £000	2017 £000
One year deposits with Lloyds bank	<b>3,000</b>	<b>3,000</b>
	<b>3,000</b>	<b>3,000</b>

### 14. Debtors

	2018 £000	2017 £000
Trade debtors	<b>73</b>	<b>122</b>
VAT recoverable	<b>227</b>	<b>229</b>
Prepayments and accrued income	<b>1,054</b>	<b>843</b>
	<b>1,354</b>	<b>1,194</b>

## Community Academies Trust

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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#### 15. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	924	1,113
Taxation and social security	577	514
Loans	5	5
Other creditors	355	638
Accruals and deferred income	1,587	1,169
	<b>3,448</b>	<b>3,439</b>

	2018	2017
	£000	£000
Deferred income at 1 September	611	658
Released from previous year	(595)	(629)
Resources deferred in the year	767	582
Deferred income at 31 August	<b>783</b>	<b>611</b>

At the balance sheet date the academy trust was holding funds received in advance for grants and upfront payments made for trips that took place after the year end.

#### 16. Creditors: Amounts falling due after more than one year

	2018	2017
	£000	£000
Loans	20	25
	<b>20</b>	<b>25</b>

The trust holds "Salix" loans from the Government. The total amount owed as at 31 August 2018 is £25,002 of which £4,897 is repayable in the next financial year, and £20,105 payable up to March 2024. Salix loans are provided to support energy efficient capital investment and no interest is charged.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 17. Funds

	At 1 September 2017 £000	Assets/ (liabilities) acquired on conversion or business combination £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2018 £000
<b>Restricted general funds</b>						
General Annual Grant (GAG)	1,042	-	31,770	(31,457)	(223)	1,132
Pupil Premium	-	-	2,089	(2,089)	-	-
Pension reserve	(15,739)	(1,047)	-	(1,573)	3,814	(14,545)
Other grants	2,006	-	3,434	(3,767)	-	1,673
	(12,691)	(1,047)	37,293	(38,886)	3,591	(11,740)
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	2,996	-	1,222	(99)	-	4,119
Transfer on conversion	19,026	9,820	-	(632)	-	28,214
Transfer on business combination	52,975	-	-	(1,760)	-	51,215
Asset donations	7,262	-	-	(241)	-	7,021
Capital Expenditure from GAG	361	-	-	(12)	223	572
Private capital sponsorship	-	-	28	-	-	28
	82,620	9,820	1,250	(2,744)	223	91,169
<b>Total restricted funds</b>	<b>69,929</b>	<b>8,773</b>	<b>38,543</b>	<b>(41,630)</b>	<b>3,814</b>	<b>79,429</b>
<b>Total unrestricted funds</b>	<b>929</b>	<b>16</b>	<b>1,928</b>	<b>(1,979)</b>	<b>-</b>	<b>894</b>
<b>Total funds</b>	<b>70,858</b>	<b>8,789</b>	<b>40,471</b>	<b>(43,609)</b>	<b>3,814</b>	<b>80,323</b>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

#### Restricted general funds

The balance of £2,805,000 on the restricted general funds (excluding pension reserve) includes £389,000 of grants which are earmarked for specific ongoing expenditure. These, along with the remaining balance on this fund will be used for educational purposes in accordance with the restrictions attached to the funding, as will the balance of £894,000 held on unrestricted funds.

The pension reserve of (£14,545,000) (overdrawn) represents the academy trust's share of the deficits in the LGPS funds in Warwickshire, Staffordshire & Shropshire. The liability has increased by £1,047,000 on business combination and £1,573,000 (net of employer contributions) due to operating charges in the year. There has also been an actuarial gain of £3,814,000 in the year as detailed in note 26.

#### Restricted fixed asset funds

The restricted fixed assets funds relate predominantly to the assets acquired when schools join the academy trust on conversion or by business combination or by donation. These are disclosed further in note 12. A School Condition Allocation grant of £931,000 was received in the year and £575,000 of the fixed assets fund relates to unspent School Condition Allocation grant which it is planned to spend in the new financial year. £85,000 of the fixed asset fund relates to unspent Devolved Formula Capital grant which it is planned to spend in the new financial year. The transfer of £223,000 from GAG funds to the fixed asset reserve represents the use of GAG income on fixed assets.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 17. Funds (continued)

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

	At 1 September 2016 £000	Assets/ (liabilities) acquired on conversion or business combination £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2017 £000
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	-	31,650	(30,343)	(265)	1,042
Pupil Premium	-	-	2,009	(2,009)	-	-
Pension reserve	(16,708)	(2,811)	-	(1,376)	5,156	(15,739)
Other grants	2,055	-	3,248	(3,297)	-	2,006
	<b>(14,653)</b>	<b>(2,811)</b>	<b>36,907</b>	<b>(37,025)</b>	<b>4,891</b>	<b>(12,691)</b>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,489	-	1,562	(55)	-	2,996
Transfer on conversion	21,590	-	-	(2,564)	-	19,026
Transfer on business combination	43,311	11,280	-	(1,616)	-	52,975
Asset donations	46	-	7,218	(2)	-	7,262
Capital Expenditure from GAG	99	-	-	(3)	265	361
	<b>66,535</b>	<b>11,280</b>	<b>8,780</b>	<b>(4,240)</b>	<b>265</b>	<b>82,620</b>
<b>Total restricted funds</b>	<b>51,882</b>	<b>8,469</b>	<b>45,687</b>	<b>(41,265)</b>	<b>5,156</b>	<b>69,929</b>
<b>Total unrestricted funds</b>	<b>853</b>	<b>174</b>	<b>1,724</b>	<b>(1,822)</b>	<b>-</b>	<b>929</b>
<b>Total funds</b>	<b>52,735</b>	<b>8,643</b>	<b>47,411</b>	<b>(43,087)</b>	<b>5,156</b>	<b>70,858</b>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 17. Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	At 1 September 2016 £000	Assets/ (liabilities) acquired on conversion or business combination £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	At 31 August 2018 £000
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	-	63,420	(61,800)	(488)	1,132
Pupil Premium	-	-	4,098	(4,098)	-	-
Pension reserve	(16,708)	(3,858)	-	(2,949)	8,970	(14,545)
Other grants	2,055	-	6,682	(7,064)	-	1,673
	<b>(14,653)</b>	<b>(3,858)</b>	<b>74,200</b>	<b>(75,911)</b>	<b>8,482</b>	<b>(11,740)</b>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,489	-	2,784	(154)	-	4,119
Transfer on conversion	21,590	9,820	-	(3,196)	-	28,214
Transfer on business combination	43,311	11,280	-	(3,376)	-	51,215
Asset donations	46	-	7,218	(243)	-	7,021
Capital Expenditure from GAG	99	-	-	(15)	488	572
Private capital sponsorship	-	-	28	-	-	28
	<b>66,535</b>	<b>21,100</b>	<b>10,030</b>	<b>(6,984)</b>	<b>488</b>	<b>91,169</b>
<b>Total restricted funds</b>	<b>51,882</b>	<b>17,242</b>	<b>84,230</b>	<b>(82,895)</b>	<b>8,970</b>	<b>79,429</b>
<b>Total unrestricted funds</b>	<b>853</b>	<b>190</b>	<b>3,652</b>	<b>(3,801)</b>	<b>-</b>	<b>894</b>
<b>Total funds</b>	<b>52,735</b>	<b>17,432</b>	<b>87,882</b>	<b>(86,696)</b>	<b>8,970</b>	<b>80,323</b>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 17. Funds (continued)

#### Total funds analysis by school

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Birchwood Primary School	212	318
Budbrooke Primary School	57	50
Chadsmead Primary Academy	337	254
Dordon Primary School	449	406
Grange Park Primary School	95	83
Heathcote Primary School	178	161
Stoneydelph Primary School	(32)	-
Stratford-upon-Avon Primary School	94	105
The Telford Langley School	(140)	19
The Telford Park School	79	116
The Telford Priory School	536	631
The Polesworth School	823	872
The Wilnecote School	(26)	79
Windmill Primary School	95	-
Wood End Primary School	86	44
Woodloes Primary School	137	69
CAT Teaching School	166	110
Community Academies Trust (Central Services)	553	660
<b>Total before fixed assets and pension reserve</b>	<b>3,699</b>	<b>3,977</b>
Restricted fixed asset fund	91,169	82,620
Pension reserve	(14,545)	(15,739)
<b>Total</b>	<b>80,323</b>	<b>70,858</b>

The Telford Langley School was in deficit at 31 August 2018 as shown above. This was caused by unexpected supply costs to cover staff sickness and expected lagged funding issues as the school grows. The school has prepared a recovery plan, supported by the trust and this is awaiting approval by the board of trustees. The deficit incurred by The Telford Langley School is being supported by the balances being held by the other schools in the trust.

The Wilnecote School was in deficit at 31 August 2018 as shown above. This was caused by expected lagged funding issues as the school grows. The school has prepared a recovery plan over 3 years, supported by the trust and this has been approved by the board of trustees. The deficit incurred by The Wilnecote School is being supported by the balances being held by the other schools in the trust.

Stoneydelph Primary School joined the trust on 1 July 2018. On conversion it had a loan with Staffordshire County Council of £35,579. In August 2018 the trust repaid Staffordshire County Council the amount of the loan in full to avoid future interest charges. The outstanding amount of the loan is included in the reserves of the school in the analysis above, but the school will continue to manage repayments from their budget in the profile as agreed with Staffordshire County Council over the next 4 years.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 17. Funds (continued)

#### Total cost analysis by Academy

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

	Teaching and Educational support staff costs £000	Other Support staff costs £000	Educational supplies £000	Other costs (excl. Dep) £000	Total 2018 £000	Total 2017 £000
Birchwood Primary School	1,058	160	148	225	1,591	1,565
Budbrooke Primary School	748	114	64	168	1,094	1,090
Chadsmead Primary Academy	879	241	87	266	1,473	1,532
Dordon Primary School	557	93	115	150	915	890
Grange Park Primary School	1,283	384	178	266	2,111	2,079
Heathcote Primary School	226	52	75	99	452	138
Stoneydelph Primary School	134	16	16	24	190	-
Stratford-upon-Avon Primary	532	109	86	106	833	902
The Telford Langley School	2,907	425	296	667	4,295	4,112
The Telford Park School	2,230	375	222	381	3,208	3,074
The Telford Priory School	3,858	578	666	738	5,840	6,257
The Polesworth School	5,377	1,140	273	1,179	7,969	7,405
The Wilnecote School	2,895	519	127	648	4,189	4,331
Windmill Primary School	462	169	14	168	813	-
Wood End Primary School	441	61	67	100	669	683
Woodloes Primary School	1,241	191	163	232	1,827	1,871
CAT Teaching School	122	41	36	182	381	302
Community Academies Trust (Central Services)	421	634	2	385	1,442	1,240
Pension FRS102 adjustment				1,573	1,573	1,376
	<b>25,371</b>	<b>5,302</b>	<b>2,635</b>	<b>7,557</b>	<b>40,865</b>	<b>38,847</b>

Total expenditure, excluding depreciation, in 2018 is £40,865,000, (2017: £38,847,000) of which £25,371,000 is for teaching and educational support staff costs (2017: £25,214,000), £5,302,000 for other support staff costs (2017: £5,615,000), £2,635,000 for educational supplies (2017: £2,643,000) and £7,557,000 for other costs (2017: £5,375,000).

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 18. Analysis of Net Assets between Funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000
Tangible fixed assets	-	-	90,393	90,393
Other investments	-	3,000	-	3,000
Current assets	911	3,256	776	4,943
Current liabilities	(17)	(3,431)	-	(3,448)
Non-current liabilities	-	(20)	-	(20)
Pension scheme liability	-	(14,545)	-	(14,545)
<b>Total net assets at 31 August 2018</b>	<b>894</b>	<b>(11,740)</b>	<b>91,169</b>	<b>80,323</b>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2017 £000
Tangible fixed assets	-	-	81,873	81,873
Other investments	-	3,000	-	3,000
Current assets	929	3,512	747	5,188
Current liabilities	-	(3,439)	-	(3,439)
Non-current liabilities	-	(25)	-	(25)
Pension scheme liability	-	(15,739)	-	(15,739)
<b>Total net assets at 31 August 2017</b>	<b>929</b>	<b>(12,691)</b>	<b>82,620</b>	<b>70,858</b>

### 19. Capital Commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	156	650

### 20. Commitments under operating leases

#### Operating Leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non- cancellable operating leases was:

	2018 £000	2017 £000
Amounts due within one year	158	141
Amounts due between one and five years	111	134
	<b>269</b>	<b>275</b>



# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 21. Reconciliation of net income to net cash flow from operating activities

	2018	2017
	£000	£000
Net income for the reporting period	5,651	12,967
<b>Adjusted for:</b>		
Depreciation (note 12)	2,744	2,482
Capital grants from DfE and other capital income	(1,250)	(12,842)
Capital donations from Local Authority	-	(7,218)
Loss on disposals of fixed assets	-	1,758
Interest receivable (note 5)	(37)	(26)
Defined benefit pension scheme obligation inherited (note 30)	-	2,811
Defined benefit pension scheme cost less contributions payable (note 26)	1,175	959
Defined benefit pension scheme finance cost (note 26)	398	417
(Increase) in debtors	(160)	(1)
Increase in creditors	9	225
Transfer from local authority	(8,773)	-
Transfer on business combination (note 30)	-	(893)
Net cash (used in)/ provided by operating activities	(243)	639

### 22. Cash flows from investing activities

	2018	2017
	£000	£000
Dividends, interest and rents from investments	37	26
Purchase of tangible fixed assets	(1,444)	(1,625)
Capital Grants from DfE/ ESFA/ LA	1,222	1,562
Capital funding from others	28	-
Cash invested in year	-	(993)
Net cash provided by/ (used in) investing activities	(157)	(1,030)

### 23. Cash flows from financing activities

	2018	2017
	£000	£000
Repayments of borrowing	(5)	(4)
Net cash (used in) financing activities	(5)	(4)

### 24. Analysis of cash and cash equivalents

	At 31	At 31
	August	August
	2018	2017
	£000	£000
Cash in hand and at bank	2,569	2,979
Notice deposits (less than 3 months)	1,020	1,014
<b>Total cash and cash equivalents</b>	<b>3,589</b>	<b>3,994</b>

### 25. Members' liability

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

## **Community Academies Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

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#### **26. Pension and Similar Obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Warwickshire County Council, Staffordshire County Council or Shropshire County Council depending on the location of the school. All are multi-employer defined-benefit schemes.

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

Contributions amounting to £307,000 (2017: £465,000) were payable to the schemes at 31 August 2018 and are included within creditors.

#### **Teachers' Pension Scheme**

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

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

#### **Valuation of the Teachers' Pension Scheme**

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 published 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;
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- 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 TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS based on April 2016 data is not yet published, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs payable to TPS in the period amounted to £2,488,000 (2017: £2,448,000).

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

Under the definitions set out in FRS 102 the TPS is an unfunded multi-employer 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.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 26. Pension and Similar Obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 was £1,999,000 (2017: £1,817,000), of which employer's contributions totalled £1,581,000 (2017: £1,431,000) and employees' contributions totalled £418,000 (2017: £386,000). The agreed contribution rates for future years are:

	Employer's	Employee's
Warwickshire	22.9%	Between 5.5% and 9.9%
Shropshire	15.1%	Between 5.5% and 9.9%
Staffordshire	23.2%	Between 5.5% and 9.9%

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

The Shropshire Pension Fund is in deficit and additional contributions are being made of £214,200 p.a. over 22 years increasing by 3.7%pa. The Warwickshire and Staffordshire Pension Funds are also in deficit which is currently being recovered through higher contribution rates.

#### Principal actuarial assumptions

	Rate of increase for pensions in payment/ CPI Inflation	Rate of increase in salaries	Discount rate for scheme liabilities
<b>2018 assumptions</b>			
Warwickshire Pension Fund	2.3%	2.9%	3.0%
Shropshire Pension Fund	2.2%	3.6%	2.8%
Staffordshire Pension Fund	2.3%	2.7%	2.8%
<b>2017 assumptions</b>			
Warwickshire Pension Fund	2.4%	3.0%	2.5%
Shropshire Pension Fund	2.2%	3.7%	2.4%
Staffordshire Pension Fund	2.4%	2.8%	2.5%

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 26. Pension and Similar Obligations (continued)

#### Sensitivity analysis

Change in assumptions at 31 August 2018 <b>Approximate % increase to employer liability</b>	0.5% decrease in Real Discount Rate	0.5% increase in the Salary Increase Rate	0.5% increase in the Pension Increase Rate
Warwickshire Pension Fund	13%	2%	11%
Shropshire Pension Fund	11%	2%	11%
Staffordshire Pension Fund	14%	3%	11%
<b>Approximate monetary amount (£'000)</b>			
Warwickshire Pension Fund	1,686	310	1,352
Shropshire Pension Fund	1,555	310	1,590
Staffordshire Pension Fund	815	167	635

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

	Retiring today		Retiring in 20 years	
	Males	Females	Males	Females
<b>2018 assumptions</b>				
Warwickshire Pension Fund	22.5	24.7	24.3	26.7
Shropshire Pension Fund	23.1	26.3	25.3	28.6
Staffordshire Pension Fund	22.1	24.4	24.1	26.4
<b>2017 assumptions</b>				
Warwickshire Pension Fund	22.5	24.7	24.3	26.7
Shropshire Pension Fund	23.0	26.2	25.2	28.5
Staffordshire Pension Fund	22.1	24.4	24.1	26.4

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 26. Pension and Similar Obligations (continued)

The trust's share of the assets and liabilities in each of the pension fund schemes was:

	Warwickshire		Shropshire		Staffordshire	
	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	5,473	4,863	3,131	2,588	2,401	1,996
Bonds	1,911	1,646	1,375	1,188	652	315
Property	1,042	823	308	243	274	210
Cash	261	149	148	238	103	105
Other	-	-	1,202	799	-	-
<b>Total fair value of assets</b>	<b>8,687</b>	<b>7,481</b>	<b>6,164</b>	<b>5,056</b>	<b>3,430</b>	<b>2,626</b>
Present value of scheme liabilities - funded	(12,632)	(12,198)	(14,328)	(13,463)	(5,866)	(5,241)
<b>Deficit in the scheme</b>	<b>(3,945)</b>	<b>(4,717)</b>	<b>(8,164)</b>	<b>(8,407)</b>	<b>(2,436)</b>	<b>(2,615)</b>

The actual return on scheme assets in each fund was:

	2018 £'000	2017 £'000
Warwickshire Pension Fund	161	722
Shropshire Pension Fund	295	924
Staffordshire Pension Fund	125	263

### Combined LGPS Pension Funds

#### Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employer contributions)	1,175	2,390
Net interest cost	398	417
Effect of curtailment	-	-
<b>Total operating charge</b>	<b>1,573</b>	<b>2,807</b>

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

	2018 £000	2017 £000
At 1 September	30,902	26,218
On business combination	-	4,909
Upon conversion	1,373	-
Current service cost	2,756	2,390
Interest cost	796	679
Employee contributions	418	386
Actuarial (gain)/ loss	(3,381)	(3,349)
Benefits paid	(38)	(331)
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31 August</b>	<b>32,826</b>	<b>30,902</b>

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 26. Pension and Similar Obligations (continued)

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

	2018	2017
	£000	£000
At 1 September	15,163	9,510
On business combination	-	2,098
Upon conversion	326	-
Interest income	397	262
Return on plan assets (excluding net interest on the net defined pension liability)	433	1,807
Employer contributions	1,581	1,431
Employee contributions	418	386
Benefits paid	(38)	(331)
At 31 August	18,280	15,163

### 27. Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from the local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the Academies Financial Handbook and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the financial period:

Miss H Mason, daughter of Mr S Mason, a trustee, is employed by the academy trust as a teacher. Miss H Mason's appointment was made in open competition and Mr S Mason was not involved in the decision making process regarding appointment. Miss H Mason is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

Mrs S Atkins, spouse of Mr S Atkins, a trustee, is employed by the academy trust as a casual exam invigilator. Mrs S Atkins' appointment was made in open competition and Mr S Atkins was not involved in the decision making process regarding appointment. Mrs S Atkins is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

### 28. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £25,383, (2017 £23,975) and disbursed £18,123, (2017 £23,767) from the fund. An amount of £7,260, (2017 £208) is carried forward to be disbursed in 2018/19 and is included in other creditors.

The academy trust distributes funds as an agent for Telford & Wrekin Primary Schools PE Association. In the accounting period ending 31 August 2018 the trust received £5,070 (2017 £2,530) from contributing schools and disbursed £2,487 (2017 £874). An amount of £9,384 (2017: £6,801) is carried forward to be disbursed in 2018/19 and is included in other creditors.

# Community Academies Trust

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 29. Financial instruments

The carrying amount of the trust's financial instruments at 31 August were:

	<b>Total 2018 £000</b>	<b>Total 2017 £000</b>
<b>Financial Assets</b>		
Debt instruments measured at amortised cost	<b>691</b>	<b>671</b>
<b>Total</b>	<b>691</b>	<b>671</b>
	<b>Total 2018 £000</b>	<b>Total 2017 £000</b>
<b>Financial Liabilities</b>		
Measured at amortised cost		
Creditors	<b>(1,729)</b>	<b>(1,674)</b>
Other	<b>(37)</b>	<b>(160)</b>
Other financial liabilities	<b>(25)</b>	<b>(30)</b>
<b>Total</b>	<b>(1,791)</b>	<b>(1,864)</b>

### 30. Conversions to the academy trust

On 1 April 2018 Windmill Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the trust from Telford & Wrekin Borough Council for £nil consideration. On 1 July 2018 Stoneydelph Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the trust from Staffordshire County Council and Tame Valley Co-operative Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from a local authority on conversion.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities:

#### Windmill Primary School

	<b>Unrestricted Funds £000</b>	<b>Restricted general funds £000</b>	<b>Restricted fixed asset funds £000</b>	<b>Total £000</b>
Leasehold land & buildings	-	-	4,355	<b>4,355</b>
Other tangible fixed assets	-	-	94	<b>94</b>
Sundry debtor	57	-	-	<b>57</b>
Cash – representing budget surplus on other school funds	11	-	-	<b>11</b>
LGPS pension deficit	-	(710)	-	<b>(710)</b>
<b>Net assets/(liabilities)</b>	<b>68</b>	<b>(710)</b>	<b>4,449</b>	<b>3,807</b>

**Community Academies Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

**Stoneydelph Primary School**

	<b>Unrestricted Funds £000</b>	<b>Restricted general funds £000</b>	<b>Restricted fixed asset funds £000</b>	<b>Total £000</b>
Freehold land & buildings	-	-	5,356	<b>5,356</b>
Other tangible fixed assets	-	-	16	<b>16</b>
Cash – representing budget surplus on other school funds	1	-	-	<b>1</b>
Creditors	(54)	-	-	<b>(54)</b>
LGPS pension deficit		(337)		<b>(337)</b>
<b>Net assets/(liabilities)</b>	<b>(53)</b>	<b>(337)</b>	<b>5,372</b>	<b>4,982</b>

The freehold land and buildings were previously held by Tame Valley Co-operative Trust and were transferred to the trust on conversion for nil consideration. The liabilities on conversion in creditors represent amounts owing to Staffordshire County Council, of which £36k represents a loan from the Council which was in place before conversion and novated to the trust.

**31. Teaching School trading account**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Direct Income</b>		
Other Government Grants	339	394
<b>Other Income</b>		
Trading Income	98	17
<b>Total Income</b>	<b>437</b>	<b>411</b>
<b>Direct Costs</b>		
Direct staff costs	120	34
Other direct costs	204	216
<b>Total direct costs</b>	<b>(324)</b>	<b>(250)</b>
<b>Other Costs</b>		
Support staff costs	43	36
Advertising & recruitment	4	3
Technology	3	9
Other support costs	2	2
Audit	5	1
<b>Total other costs</b>	<b>(57)</b>	<b>(51)</b>
<b>Total expenditure</b>	<b>(381)</b>	<b>(301)</b>
<b>Surplus from all sources</b>	<b>56</b>	<b>110</b>
<b>Teaching School balance at 1 September</b>	<b>110</b>	<b>-</b>
<b>Teaching school balance at 31 August</b>	<b>166</b>	<b>110</b>