

Company Registration Number: 07552498 (United Kingdom)

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

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CAMBRIDGE MERIDIAN ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

S Jamieson
D Ruddy
L Tranter (appointed 20 November 2017)

Trustees

S Jamieson, Chair of Trustees
J Hall
M Woods, Executive Principal and Accounting Officer
D Ruddy
M Squires
A Hardy
L Birch
R Moore
N Grimston (appointed 3 October 2016)
J Kennedy (appointed 5 September 2017)
P Phillipson (appointed 20 October 2017)

Company registered number

07552498

Company name

Cambridge Meridian Academies Trust

Principal and registered office

Swavesey Village College, Gibraltar Lane, Swavesey, Cambridgeshire, CB24 4RS

Chief executive officer

M Woods

Senior management team

M Woods, Chief executive officer
A Daly, Principal Swavesey Village College
S Howard, Principal Nene Park Academy
M Campbell, Principal North Cambridge Academy
J Dooley, Principal West Town Primary Academy
A Partington, Principal Stamford Welland Academy
S Wilson, Principal Sawtry Village Academy
R Spencer, Principal Ely College
H Anderson, Finance Director
M Sampson, IT Director
M Hair, Director of Estates

Independent auditors

Larking Gowen, King Street House, 15 Upper King Street, Norwich, NR3 1RB

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers

Barclays Bank PLC, Huntington, PE29 3AE

Solicitors

Stone King LLP, Thirty Station Road, Cambridge, CB1 2RE

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' Report, and a directors' report under company law.

The trust operated eight academies in the financial year, Swavesey Village College (SVC), Nene Park academy (NPA), North Cambridge academy (NCA), West Town Primary academy (WTPA), Stamford Welland academy (SWA), Sawtry Village academy (SVA), Ely College and Sawtry Junior Academy (SJA) (since 1 November 2016).

Structure, governance and management

a. Constitution

The trust and the group is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association (updated 17 March 2014) are the primary governing documents of the trust. The trustees of Cambridge Meridian Academies Trust (CMAT) are also the directors of the charitable company for the purposes of company law. The charitable company is known as Cambridge Meridian Academies Trust.

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

b. 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.

c. Trustees' indemnities

In accordance with normal commercial practice the trust has purchased insurance to protect trustees, councillors and officers from claims arising from negligent acts, errors or omissions occurring while on trust business.

d. Method of recruitment and appointment or election of Trustees

The number of trustees shall be not less than three but not subject to any maximum. The company shall have the following trustees:

- (a) The chief executive officer of Cambridge Meridian Academies Trust
- (b) Up to eight community trustees
- (c) Up to five education trustees, and
- (d) A minimum of two parent trustees if appointed pursuant to Articles 53 and 55, unless there are academy councils or advisory bodies which include at least two parent members.

The trustees may appoint up to two co opted trustees.

In certain circumstances the Secretary of State for Education has the power to appoint trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The members may elect:

- the community trustees. The community trustees shall be drawn from the communities served by the academies.
- the education trustees. The education trustees shall have a background in education.
- the community trustees and the education trustees through such process as they may determine.

The total number of trustees (including the chief executive officer) who are employees of the trust shall not exceed one third of the total number of trustees.

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new trustees will depend on their existing experience; an induction pack is given to all trustees. During the year, the trust has subscribed to the Governing Bodies Training Programme provided by the local authority; the National Governors Association and the Specialist Schools Academies Trust (SSAT). All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

f. Organisational structure

A clear management structure exists to effectively manage the trust. The structure now consists of four levels, the trustees, the academy councils, the trust executive and the academy senior leadership teams (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trust is responsible for strategic direction and planning, approving the academies budgets, monitoring individual academy performance and making major decisions about the direction of the trust. The academy councils are responsible for setting individual school policy, approving the school development plan and staff appointments.

The trust executive team consists of the chief executive officer, trust finance director, accountants, estates and facilities director, HR Manager and IT director.

The senior leadership teams comprise of the principal, deputy principals and assistant principals. These managers control each academy at an executive level implementing the policies laid down by the trust. As a group, the senior leadership teams are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

g. Pay policy for key management personnel

Key management personnel include trustees and those staff to whom the trustees have delegated significant authority and responsibility in the day to day running of the trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the trust size, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the trust's appointment and pay policies.

All amendments to key management's pay and remuneration are approved by the appropriate sub committee and ratified by the trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

h. Employees and disabled persons

The trust has a robust Equality and Diversity Policy which is available to view on the trust's website. The trust ensures regular and varied communication with staff relating to matters affecting them.

Objectives and Activities

a. Objects and aims

The trust's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies offering a broad and balanced curriculum.

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

b. Objectives, strategies and activities

It is the belief of the trust that the individual needs of every student should lie at the heart of any education system.

The trust equips, enables and encourages the students to achieve their very best. The trust wants them to be successful learners, confident individuals and responsible citizens.

The trust aims to accomplish this by keeping every single one of the young people at the very core of the trust's work.

As part of the CMAT family, the academies pool expertise and resources, think more strategically and work more confidently and imaginatively; providing collectively a higher quality education than could be achieved individually.

The hard endeavour and outstanding dedication of the staff has been vital to what has been achieved. The students and their families have been hugely supportive of the changes.

The trust is exceptionally proud of the achievements so far, but it is also looking to the future. There are exciting opportunities for the trust at Northstowe and Darwin Green and the trustees are confident that further opportunities will come that enhance the capacity and expertise of the trust's family of schools.

In the end though, what matters most is the quality of the education the students receive. The trustees are proud that the trust has built an environment which enables the students to learn well, to be receptive to the excellent teaching provided and, most of all, to flourish.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The trust is particularly proud of the following:

- 1) Students in trust secondary schools recorded strong Progress 8 figures. Significant improvements were shown at Sawtry Village Academy and Ely College. The collaboration of trust staff across subjects has become a defining characteristic of the trust.
- 2) CMAT academies have continued to take a leading role in key organisations such as Whole Education, the SSAT and in supporting many Local Authority (LA) projects to further school improvement in the areas we serve.
- 3) Sawtry Junior Academy successfully joining the trust and immediately both benefitting from but also contributing to our work
- 4) Ofsted inspections at West Town Primary Academy and Stamford Welland Academy both produced "good" outcomes.
- 5) The continued excellent progress at WTPA has been the inspiration of our developing primary family.
- 6) The value for money provided by the skilful management of the rebuild of West Town Primary Academy, the delivery of the 3g pitch at Nene Park Academy and the use of School Condition Allowance funds to transform the Bedford Block at Ely College.
- 7) The success of applications to promote free schools has led to CMAT being the sponsor of a special school at Northstowe and a new secondary academy in Corby.
- 8) The successful application by Leadership East to renew their license to deliver the National Professional Qualifications.
- 9) The Cambridge Partnership successfully training over 80 new teachers to develop the teacher supply across the eastern region and many more through the Cambridge Teaching Schools Network.
- 10) The trust has made considerable progress in the development of the professional services required to support a developing multi-academy trust. Significant management information systems have been implemented in finance and IT, and further improvements are under way in HR, Premises and achievement.
- 11) The successful introduction of the "Governance Champions" model has refocused our work and enabled challenge in key areas to further the quality of our work.
- 12) Having volunteered to take part in the National Schools Commissioner's pilot MAT reviews, we were delighted by the positivity in the report produced by colleagues from the Outwood Grange Academies Trust:

"In my opinion, CMAT is well prepared for growth. There is significant strength in depth throughout the trust at all levels and the Trust Board is very strong. With continued focus on developing systematic and consistent practice, maximising the opportunities that this will bring in consolidating reports, standardising data and benchmarking across the trust CMAT will be in an even stronger than they currently are. It should be noted that under the 2016 MAT performance tables, CMAT were ranked 5th in the country."

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. Activities for achieving objectives

CMAT and SVC maintained an excellent track record in providing support for Local Authorities and schools often through Teaching Schools Alliance initiatives including supporting the RSC in a school in Norwich. The Cambridge Partnership was also responsible for successfully training over 80 teachers. The introduction of the excellent community learning facilities at Ely College, the developing confidence of Sawtry Village Academy, the enhanced sporting provision at North Cambridge Academy of new tennis and judo facilities, the new 3G pitch at Nene Park Academy provided in partnership with Peterborough United and the improved sports changing facilities at Stamford Welland Academy demonstrate our continued commitment to ensuring all the community we serve have access to our academies.

d. Public benefit

The charitable company's aims are set out in this report. The trustees have complied with their duty to have due regard to guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic report

Achievements and performance

a. Key performance indicators

The board of trustees continues to use both financial and non financial key performance indicators to manage the trust. The trust maintains a strong management information function which is focused on regular and accurate reporting including the issue of termly financial information to the trust inclusive of a financial commentary. Financial KPIs are measured continuously and the trust was successful in delivering a comprehensive and well understood set of management information to the board. Progress and attainment levels within the academies are used to measure academic success, first choices and retention rates drive reputation key performance indicators and personnel is reported using progress, pay and attendance.

b. Going concern

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

c. Fundraising activities/Income generation

Most academies within the trust generate additional income through lettings outside operational hours. In addition to this the subsidiary trading company (CMAT Education Services Limited) began trading, the primary income was from selling IT support services to schools outside the trust.

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 is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The trust has also been in receipt of capital grants from the ESFA through the bid process for Capital Maintenance Fund. In accordance with the Charities SORP 2015 such grants 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 2017, total expenditure of £39,263,000 was more than covered by recurrent grant funding from the ESFA together with other income and reserves brought forward.

At 31 August 2017, the net book value of fixed assets was £95,115,000 and movements in tangible fixed assets are shown in the note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the trust.

a. Reserves policy

The trustees will review the reserve levels of the trust in accordance with the trust reserves policy. This review encompasses the nature of income and expenditure streams, the need to match income commitment and the nature of reserves.

Trustees determine what the level of uncommitted reserves should be. The aim 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.

At 31 August 2017 the trust had revenue reserves, excluding invested in property and the pension deficit, of £2,031,000 (split between restricted reserves of £32,000 relating to The Cambridge Partnership, £37,000 start-up grants & unrestricted funds of £1,962,000).

The pension reserve is in deficit due to the trust's share of the Local Government Pension Scheme (LGPS) liabilities exceeding its share of the assets.

b. Investment policy and performance

Due to the persistence of low interest rates, resulting in an erosion of the real value of the trust's cash reserves, the trustees are currently reviewing the trust's investment policy. The trustees' power is governed by the Trustee Act 2000. This confers a general power of investment and requires the trustees to invest in a diversified range of suitable investments.

The objectives of the trust's policy is:

- To ensure that the trust has sufficient cash available to meet its commitments;
- To ensure that sufficient funds are available at short or no notice to meet foreseeable requirements and a contingency for emergency needs;
- To optimise the rate of return on other funds without undue risk;
- To protect the capital value of funds held against inflation;
- To spread risk, where appropriate; and
- To comply with the trust's Articles of Association.

In determining the level of funds available that could be considered for investment, due regard will be taken of the short, medium and long term requirements of the trust. These are defined as follows:

- Short term - funds likely to be expended within the next 12 months;
- Medium term - funds likely to be expended between 1 to 5 years; and
- Long term - funds unlikely to be required in the next 5 years.

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TRUSTEES' REPORT (continued)
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c. Principal risks and uncertainties

The trust board has considered and agreed an ongoing risk register. The trust board considers the principal risks and uncertainties are regarding changes in funding levels, the inherited declining rolls at Sawtry and Stamford and the actions of Cambridgeshire LA with regard to places planning in the north of Cambridge. All academies aim to maximise the recruitment and retention of students and the trust board seeks to ensure maximum funding is received.

d. Financial risk management objectives and policies

The trust's main source of income is funding from the EFA that is paid monthly to the academies throughout the year. Given this and the planned reserves at each academy the trust board do not consider they have a cash flow or liquidity risk.

Plans for future periods

a. Future developments

The trust is keen to explore and develop partnership models, including inviting good or outstanding schools to share in its family of schools, to work with the trust to share best practice and increase the individual and collective school improvement capacity.

Funds held as custodian

During the year, the trust, through TCP, acted as custodian for NCTL salary and trainee bursaries. The annual sum devolved was £761k.

Funds were held in a control account within the trust's accounting software and reported on at the regular Executive Committee meetings for TCP and an annual return is agreed by the committee and audited for submission to NCTL.

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4 December 2017 and signed on its behalf by:



S Jamieson
Chair of Trustees

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Cambridge Meridian 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 Cambridge Meridian Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| S Jamieson, Chair of Trustees | 4 | 4 |
| J Hall | 4 | 4 |
| M Woods, Chief Executive Officer and Accounting Officer | 4 | 4 |
| D Ruddy | 3 | 4 |
| M Squires | 3 | 4 |
| A Hardy | 4 | 4 |
| L Birch | 3 | 4 |
| R Moore | 4 | 4 |
| N Grimston | 4 | 4 |

The finance policy & scrutiny committee is a sub committee of the main trust board. Its purpose is to monitor and review the financial performance of the trust, including budget setting and monitoring.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------------------------|-------------------|-------------------|
| A Hardy | 6 | 6 |
| D Ruddy | 3 | 6 |
| M Woods | 6 | 6 |
| G Brighty (resigned October 2016) | 0 | 1 |
| M Dixon | 5 | 6 |
| A Zeffman (joined January 2017) | 3 | 5 |
| M Bedlow | 5 | 6 |
| S Wojtowicz (resigned November 2016) | 0 | 1 |

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GOVERNANCE STATEMENT (continued)

The articles of association of the trust were amended on 2 May 2017 to separate out trustees and members where they had not previously been disparate groups.

Neil Grimston joined the trustee board on 3 October 2016 bringing with him a considerable wealth of experience both of commercial organisations in the UK and overseas and education where he chaired boards/committees at Westminster City Council, London Borough Richmond upon Thames Council and advisor to DfE.

The trusts' work in the year for finance included the project management and successful implementation of new financial software, PS Financials, and the ongoing restructure and enhancement of the finance team. Within premises there has been the delivery across the academies of the SCA fund and the overseeing the successful appointment of the Estates Director. Personnel has focused on ongoing communication with staff and the continued introduction of HR MIS.

After a detailed skills audit the trust successfully recruited additional skills from Neil, Paul and Jim. Governance was successfully restructured through pilot phase into adoption of 2 schemes of delegation. Performance of the schools was strong and link trustees provide clarity and line of sight, as well as encouraging support and challenge. Financial pressures have been acute and supporting so many schools in an underfunded county with little effective support from ESFA has been major challenge. Gaining sufficient support and funding from local councils poses significant risk to the future of most deprived school in Cambridge.

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy 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 trust board where value for money can be improved, including the use of benchmarking data where appropriate.

The trust is accountable for the way in which resources are allocated to meet the objectives set out in the development plans. Trustees need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the academies achievements and services.

What is Best Value

Trustees will apply the four principles of best value:

- Challenge: Why, how and by whom a service is provided
- Compare: academy performance against available data.
- Consult: With service users, the local community etc.
- Competition: Wherever practicable, to secure efficient and effective services

The Trustees' Approach

The trustees and academy managers apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of individual academies
- the targeting of resources to best improve standards and the quality of provision
- the use of resources to best support the various educational needs of all pupils

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GOVERNANCE STATEMENT (continued)

The trustees and the academy managers:

- make comparisons with other/similar academies using available data, e.g. RAISE online, quality of teaching and learning, levels of expenditure
- challenge proposals, examining them for effectiveness, efficiency, and cost
- require suppliers to compete on grounds of cost and quality/suitability of services/products
- consult individuals and organisations on quality/suitability of service we provide to parents, pupils, and services we receive from providers

This will apply in particular to:

- **staffing** – deploy staff to provide best value in terms of quality of teaching, quality of learning, adult pupil ratio, and curriculum management with a clear focus on individual student achievement.
- **use of premises** – consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources and opportunities to generate income from the premises assets.
- **use of resources** – deploy equipment, materials and services to provide pupils and staff with resources which support high quality teaching and learning.
- **quality of teaching** – review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has raised expectations of children's achievement.
- **quality of learning** – review the quality of pupil's learning by setting and tracking pupil achievement targets.
- **purchasing** – have clear procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.
- **pupil's welfare** – review the quality of the academy environment and the academy ethos, in order to provide a supportive environment conducive to learning and recreation.
- **health and safety** – review the quality of the academy environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

These areas are monitored for best value by:

1. Departmental reviews by the principal & senior leadership team
2. Target setting meetings between principal, senior leadership team and head of departments
3. Annual performance management
4. Annual budget planning
5. Feedback from internal auditor and audit reports
6. Analysis of individual academy pupil performance data
7. Benchmarking across the trust and with comparable schools locally
8. Analysis of DfE pupil performance data
9. Key issues for action identified by OFSTED
10. Trustee committee meetings
11. Trustee annual staff salary review

The trust has engaged with other educational providers over the last year to share delivery and good practice – these include Cambridge & Peterborough Academies Group and Cambridge Primary Education Trust.

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GOVERNANCE STATEMENT (continued)

As a multi academy trust CMAT provides the following shared services across the trust:

- ICT
- HR
- Finance
- Premises
- Audit
- Educational Support Services

The trust is committed to maximising the income from the resources at its disposal and is currently reviewing the level of income derived from lettings and associated activities.

Review and control

Budget reports are produced on a monthly basis, additional leadership resource has been recruited to further develop the provision of timely, accurate and strategic reports as the trust continues to grow.

Funding in Cambridgeshire is amongst the lowest in the country and spare resources are scarce, however trustees are keen to establish an acceptable level of reserves.

The trust has a risk register which is reviewed to ensure there is a clear focus on the most relevant and appropriate strategic financial risks.

The trust has an internal audit function which produces regular reports for the finance committee and this is supported by the external auditors work.

The main challenges for the coming year are managing the anticipated growth of the trust, continuing to integrate new staff into the core trust service teams, particularly in the finance function, ensuring all pupils achieve, standardisation of systems and procedures across the trust, further refining our schemes of delegation, encouraging good or outstanding academies/schools to join the trust and re establishing a working relationship and trust with Cambridgeshire County Council.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Cambridge Meridian Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The trust board has considered the need for a specific internal audit function and has used Claire Hagger and Suzanne Cooper as internal auditors, who are independent of the day to day finance team, to carry out a programme of internal checks. The internal auditors report to the board of trustees through the finance committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- payroll
- reimbursements

The internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of the appointee's work and, if relevant, described what remedial action is being taken to rectify the issues.

Review of Effectiveness

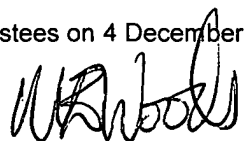
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust 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 finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4 December 2017 and signed on their behalf, by:


S Jamieson
Chair of Trustees


M Woods
Accounting Officer

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cambridge Meridian Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.



M Woods
Accounting Officer

Date: 4 December 2017

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who act as governors of Cambridge Meridian Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the group 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 and the group applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 group'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 4 December 2017 and signed on its behalf by:



S Jamieson
Chair of Trustees

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE MERIDIAN ACADEMIES TRUST**

Opinion

We have audited the financial statements of Cambridge Meridian Academies Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group Consolidated Statement of Cash Flows and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis of 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group's or the parent academy trust'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.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE MERIDIAN ACADEMIES TRUST**

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 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Group Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group 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 our knowledge and understanding of the group and the parent academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group 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:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the academy trust 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.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE MERIDIAN ACADEMIES TRUST**

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group's or the parent academy trust's 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: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Julie Grimmer FCA DChA (Senior Statutory Auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

Norwich

Date: 14 December 2017

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
CAMBRIDGE MERIDIAN ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cambridge Meridian Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Cambridge Meridian Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Cambridge Meridian Academies Trust's funding agreement with the Secretary of State for Education dated 30 March 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
CAMBRIDGE MERIDIAN ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(continued)**

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2016 to 2017. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the trustees.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the trust's process for checking its financial systems, controls, transactions and risks.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Larking Gowen

Chartered Accountants
Statutory Auditors

Norwich

Date: 14 December 2017

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

| | Note | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Unrestricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|--|------|-------------------------------------|--|---------------------------------------|--------------------------------|--------------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | (591) | 10,587 | 87 | 10,083 | 58,635 |
| Charitable activities: | 4 | | | | | |
| Teaching schools | | 854 | - | - | 854 | 649 |
| Trust educational activities | | 31,391 | - | 1,327 | 32,718 | 29,565 |
| Other trading activities | 5 | - | - | 971 | 971 | 494 |
| Investments | 6 | - | - | 13 | 13 | 14 |
| Total income | | 31,654 | 10,587 | 2,398 | 44,639 | 89,357 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Teaching schools | | 865 | - | - | 865 | 721 |
| Trust educational operations | | 32,847 | 3,590 | 1,961 | 38,398 | 31,387 |
| Total expenditure | 7 | 33,712 | 3,590 | 1,961 | 39,263 | 32,108 |
| Net income / (expenditure) before transfers | | (2,058) | 6,997 | 437 | 5,376 | 57,249 |
| Transfers between Funds | 23 | - | 852 | (852) | - | - |
| Net income / (expenditure) before other recognised gains and losses | | (2,058) | 7,849 | (415) | 5,376 | 57,249 |
| Actuarial gains/(losses) on defined benefit pension schemes | 28 | 6,133 | - | - | 6,133 | (4,488) |
| Net movement in funds | | 4,075 | 7,849 | (415) | 11,509 | 52,761 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | (10,429) | 87,690 | 2,727 | 79,988 | 27,227 |
| Total funds carried forward | | (6,354) | 95,539 | 2,312 | 91,497 | 79,988 |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07552498

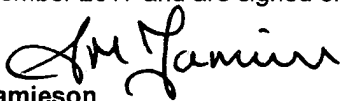
CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £000 | 2017 £000 | £000 | 2016 £000 |
|--|------|----------------|----------------------|-----------------|----------------------|
| Fixed assets | | | | | |
| Tangible assets | 16 | 95,115 | | 86,953 | |
| Investment property | 17 | 350 | | 350 | |
| | | | <u>95,465</u> | | <u>87,303</u> |
| Total tangible assets | | | <u>95,465</u> | | <u>87,303</u> |
| Current assets | | | | | |
| Stocks | 19 | 69 | | 73 | |
| Debtors | 20 | 1,533 | | 2,462 | |
| Cash at bank and in hand | | 5,498 | | 4,283 | |
| | | <u>7,100</u> | | <u>6,818</u> | |
| Creditors: amounts falling due within one year | 21 | <u>(4,618)</u> | | <u>(3,349)</u> | |
| Net current assets | | | <u>2,482</u> | | <u>3,469</u> |
| Total assets less current liabilities | | | <u>97,947</u> | | <u>90,772</u> |
| Creditors: amounts falling due after more than one year | 22 | | <u>(27)</u> | | <u>(45)</u> |
| Net assets excluding pension scheme liabilities | | | <u>97,920</u> | | <u>90,727</u> |
| Defined benefit pension scheme liability | 28 | | <u>(6,423)</u> | | <u>(10,739)</u> |
| Net assets including pension scheme liabilities | | | <u><u>91,497</u></u> | | <u><u>79,988</u></u> |
| Funds of the academy | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 23 | 69 | | 310 | |
| Restricted fixed asset funds | 23 | 95,539 | | 87,690 | |
| | | | | | |
| Restricted income funds excluding pension liability | | 95,608 | | 88,000 | |
| Pension reserve | | <u>(6,423)</u> | | <u>(10,739)</u> | |
| | | | | | |
| Total restricted income funds | | | <u>89,185</u> | | <u>77,261</u> |
| Unrestricted funds | 23 | | <u>2,312</u> | | <u>2,727</u> |
| Total funds | | | <u><u>91,497</u></u> | | <u><u>79,988</u></u> |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 22 to 58 were approved by the trustees, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:


S Jamieson
Chair of Trustees

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07552498

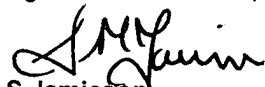
ACADEMY TRUST BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £000 | 2017 £000 | £000 | 2016 £000 |
|--|------|----------------|----------------------|-----------------|----------------------|
| Fixed assets | | | | | |
| Tangible assets | 16 | 95,115 | | 86,953 | |
| Investment property | 17 | 350 | | 350 | |
| | | | <u>95,465</u> | | <u>87,303</u> |
| Total tangible assets | | | <u>95,465</u> | | <u>87,303</u> |
| Current assets | | | | | |
| Stocks | 19 | 69 | | 73 | |
| Debtors | 20 | 1,677 | | 2,473 | |
| Cash at bank and in hand | | 5,338 | | 4,271 | |
| | | <u>7,084</u> | | <u>6,817</u> | |
| Creditors: amounts falling due within one year | 21 | <u>(4,602)</u> | | <u>(3,348)</u> | |
| Net current assets | | | <u>2,482</u> | | <u>3,469</u> |
| Total assets less current liabilities | | | <u>97,947</u> | | <u>90,772</u> |
| Creditors: amounts falling due after more than one year | 22 | | <u>(27)</u> | | <u>(45)</u> |
| Net assets excluding pension scheme liabilities | | | <u>97,920</u> | | <u>90,727</u> |
| Defined benefit pension scheme liability | 28 | | <u>(6,423)</u> | | <u>(10,739)</u> |
| Net assets including pension scheme liabilities | | | <u><u>91,497</u></u> | | <u><u>79,988</u></u> |
| Funds of the academy | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | | 69 | | 310 | |
| Restricted fixed asset funds | | <u>95,539</u> | | <u>87,690</u> | |
| Restricted funds excluding pension asset | | <u>95,608</u> | | <u>88,000</u> | |
| Pension reserve | | <u>(6,423)</u> | | <u>(10,739)</u> | |
| Total restricted funds | | | <u>89,185</u> | | <u>77,261</u> |
| Unrestricted funds | | | <u>2,312</u> | | <u>2,727</u> |
| Total funds | | | <u><u>91,497</u></u> | | <u><u>79,988</u></u> |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

ACADEMY TRUST BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements were approved by the trustees, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:



S Jamieson
Chair of Trustees

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | 2017 £000 | 2016 £000 |
|--|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 25 | 716 | 172 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 13 | 14 |
| Purchase of tangible fixed assets | | (859) | (2,118) |
| Capital grants from DfE/ESFA | | 1,363 | 2,352 |
| Net cash provided by investing activities | | 517 | 248 |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (18) | (24) |
| Net cash used in financing activities | | (18) | (24) |
| Change in cash and cash equivalents in the year | | 1,215 | 396 |
| Cash and cash equivalents brought forward | | 4,283 | 3,887 |
| Cash and cash equivalents carried forward | 26 | 5,498 | 4,283 |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. 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.

1.1 Basis of preparation of financial statements

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

Cambridge Meridian Academies Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the academy trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006.

1.2 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 academy trust 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 for issue 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.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Where the trust has, entitlement unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. School Condition Allocation received in advance and relating to the period September 2017 to March 2018 is deferred.

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

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

Where assets are received on the transfer of an existing or converter 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 transfer of an existing academy into the trust within Income and donations and capital grants.

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

All expenditure is inclusive of irrecoverable VAT.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.5 Basis of consolidation

The financial statements consolidate the accounts of Cambridge Meridian Academies Trust and all of its subsidiary undertakings ('subsidiaries').

The academy trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The income and expenditure account for the year dealt with in the accounts of the academy trust was £5,376,000 (2016 - £57,249,000).

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

The land and buildings of West Town Primary Academy are occupied under a 125 year lease with the Local Authority starting in October 2016. To reflect the future 'right of use', the buildings have been recognised in the financial statements at their fair value with a corresponding amount recognised in donations.

Upon joining the trust, Sawtry Juniors Academy were granted a 125 year lease for the land and buildings by the Local Authority starting in November 2016. To reflect the future 'right of use', the buildings have been recognised in the financial statements at their fair value with a corresponding amount recognised in donations.

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 Consolidated Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated Statement of Financial Activities incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

| | | |
|------------------------------|---|-------------------------------|
| Freehold property | - | 25 to 100 years straight line |
| Long-term leasehold property | - | 20 to 50 years straight line |
| Long-term leasehold land | - | 125 years straight line |
| Motor vehicles | - | 5 to 8 years straight line |
| Fixtures and fittings | - | 3 to 10 years straight line |
| Computer equipment | - | 1 to 3 years straight line |

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 Consolidated Statement of Financial Activities incorporating Income and Expenditure Account.

1.7 Investments in subsidiaries

Investments in subsidiaries are valued at cost less provision for impairment. There is no readily available market value and cost of valuation exceeds the benefit derived.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.12 Liabilities and provisions

Liabilities and provisions 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 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.

1.13 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 20. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in notes 21 and 22. 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 instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.14 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. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.15 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions 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 in other recognised gains and losses.

1.16 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sawtry Junior Academy to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - net assets gifted to trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.17 Agency arrangements

The trust acts as an agent distributing initial teacher training funds. Funding received from National College for Teaching and Learning and subsequent distributions are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

1.18 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 the Department for Education 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 and include grants from the Department for Education.

1.19 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2017.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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3. Income from donations and capital grants

| | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Unrestricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|----------------------------|-------------------------------------|--|---------------------------------------|--------------------------------|--------------------------------|
| Donations | - | - | 24 | 24 | - |
| Net assets gifted to trust | (591) | 9,224 | 63 | 8,696 | 56,259 |
| Government grants | - | 1,363 | - | 1,363 | 2,376 |
| | <u>(591)</u> | <u>10,587</u> | <u>87</u> | <u>10,083</u> | <u>58,635</u> |
| <i>Total 2016</i> | <u>(1,155)</u> | <u>57,414</u> | <u>2,376</u> | <u>58,635</u> | |

Included in 'Net assets gifted to trust' is £9,224,000 in respect of the recognition of the West Town Primary Academy and Sawtry Juniors Academy buildings (see accounting policy note 1.6), a £591,000 Local Government Pension Scheme deficit and £63,000 revenue surplus transferred to the trust when Sawtry Juniors Academy joined the trust on 1 November 2016 (see note 27).

CAMBRIDGE MERIDIAN ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. Funding for Academy's educational operations

| | Restricted funds 2017 £000 | Unrestricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|---|-------------------------------------|---------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | 28,487 | - | 28,487 | 22,675 |
| Start-up and conversion grants | 95 | - | 95 | 954 |
| Pupil premium | 1,248 | - | 1,248 | 1,046 |
| Other DfE / ESFA revenue grants | 381 | - | 381 | 1,710 |
| Cambridge Partnership / Leadership East | 752 | - | 752 | 649 |
| | <u>30,963</u> | <u>-</u> | <u>30,963</u> | <u>27,034</u> |
| Other government grants | | | | |
| EOTAS funding | 535 | - | 535 | 265 |
| SEN funding | 608 | - | 608 | 590 |
| | <u>1,143</u> | <u>-</u> | <u>1,143</u> | <u>855</u> |
| Other funding | | | | |
| School trips | - | 630 | 630 | 450 |
| Other incoming resources | 139 | 697 | 836 | 1,875 |
| | <u>139</u> | <u>1,327</u> | <u>1,466</u> | <u>2,325</u> |
| | <u>32,245</u> | <u>1,327</u> | <u>33,572</u> | <u>30,214</u> |
| <i>Total 2016</i> | <u>27,906</u> | <u>2,308</u> | <u>30,214</u> | |

5. Other trading activities

| | Restricted funds 2017 £000 | Unrestricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|------------------------------|-------------------------------------|---------------------------------------|--------------------------------|--------------------------------|
| Hire of facilities | - | 231 | 231 | 164 |
| Other income from activities | - | 514 | 514 | 97 |
| Sports centre income | - | 226 | 226 | 233 |
| | <u>-</u> | <u>971</u> | <u>971</u> | <u>494</u> |
| <i>Total 2016</i> | <u>-</u> | <u>494</u> | <u>494</u> | |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. Investment income

| | Restricted funds 2017 £000 | Unrestricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|-------------------|-------------------------------------|---------------------------------------|--------------------------------|--------------------------------|
| Investment income | - | 13 | 13 | 14 |
| <i>Total 2016</i> | - | 14 | 14 | |

7. Expenditure

| | Staff costs 2017 £000 | Premises 2017 £000 | Other costs 2017 £000 | Total 2017 £000 | Total 2016 £000 |
|-------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|-----------------------|
| Educational operations: | | | | | |
| Direct costs | 21,532 | 1,245 | 5,917 | 28,694 | 24,599 |
| Support costs | 6,619 | 480 | 3,470 | 10,569 | 7,509 |
| | <u>28,151</u> | <u>1,725</u> | <u>9,387</u> | <u>39,263</u> | <u>32,108</u> |
| <i>Total 2016</i> | <u>23,412</u> | <u>1,967</u> | <u>6,729</u> | <u>32,108</u> | |

8. Analysis of expenditure by activities

| | Activities undertaken directly 2017 £000 | Support costs 2017 £000 | Total 2017 £000 | Total 2016 £000 |
|------------------------|--|----------------------------------|-----------------------|-----------------------|
| Educational operations | 28,694 | 10,569 | 39,263 | 32,108 |
| <i>Total 2016</i> | <u>22,582</u> | <u>9,526</u> | <u>32,108</u> | |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Educational operations £000 | Total 2017 £000 | Total 2016 £000 |
|--------------------------------|--|--------------------------------|--------------------------------|
| Staff costs | 5,540 | 5,540 | 4,713 |
| Educational supplies | 947 | 947 | 1,111 |
| Staff development and training | 23 | 23 | - |
| Technology costs | 674 | 674 | 906 |
| Recruitment and support | 234 | 234 | 147 |
| Maintenance | 480 | 480 | 842 |
| Cleaning | 96 | 96 | 82 |
| Rent and rates | 198 | 198 | 138 |
| Energy | 511 | 511 | 488 |
| Water and sewage | 112 | 112 | 95 |
| Insurance | 179 | 179 | 276 |
| Catering | 225 | 225 | 420 |
| Bank interest and charges | 16 | 16 | - |
| Other support costs | 846 | 846 | 124 |
| Legal and professional fees | 323 | 323 | 184 |
| Other staff costs | 165 | 165 | - |
| | 10,569 | 10,569 | 9,526 |
| <i>At 31 August 2016</i> | 9,526 | 9,526 | |

9. Net income/(expenditure)

This is stated after charging:

| | 2017 £000 | 2016 £000 |
|--|----------------------|----------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the trust | 1,908 | 1,293 |
| Operating lease rentals | 111 | 102 |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. Auditors' remuneration

| | 2017 | 2016 |
|---|-------------|-------------|
| | £000 | £000 |
| Fees payable to the trust's auditor and its associates for the audit of the academy's annual accounts | 30 | 20 |
| Fees payable to the academy trust's auditor and its associates in respect of: | | |
| The auditing of accounts of associates of the academy trust | 2 | 2 |
| All taxation advisory services not included above | 5 | 1 |
| All assurance services not included above | 2 | 2 |
| All other non-audit services not included above | 2 | 2 |
| | <hr/> <hr/> | <hr/> <hr/> |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. Staff costs

Staff costs were as follows:

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Wages and salaries | 20,738 | 17,798 |
| Social security costs | 2,019 | 1,715 |
| Operating costs of defined benefit pension schemes | 4,583 | 3,356 |
| | <u>27,340</u> | <u>22,869</u> |
| Apprenticeship levy | 41 | - |
| Supply teacher costs | 667 | 493 |
| Staff restructuring costs | 103 | 50 |
| | <u>28,151</u> | <u>23,412</u> |

Included in staff costs are restructuring costs of non-statutory/non-contractual severance payments totalling £42,346. This includes the following individual amounts: £22,300, £11,447, £6,999 and £1,600.

The average number of persons employed by the academy trust during the year was as follows:

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teachers | 442 | 346 |
| Administration and support | 431 | 351 |
| Management | 10 | 9 |
| | <u>883</u> | <u>706</u> |

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

| | 2017 No. | 2016 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 7 | 5 |
| In the band £70,001 - £80,000 | 2 | 4 |
| In the band £80,001 - £90,000 | 5 | 2 |
| In the band £90,001 - £100,000 | 1 | 1 |
| In the band £100,001 - £200,000 | 1 | 1 |

All the above employees participated in the Teachers' Pension Scheme or Local Government Pension Scheme.

Key management personnel of the trust comprise the trustees, the principals of each the academies and other senior trust staff. The total amount of employee benefits (including employer pension and national insurance contributions) paid in respect of key management personnel for their services to the trust was £1,086,000 (2016: £996,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. Central services

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

- Cost of leadership teams including principals
- Information technology support and licenses
- Finance
- HR services
- Governance

The trust charges for these services on the following basis:

Expected usage by each individual academy at the beginning of the financial year.

The actual amounts charged during the year were as follows:

| | 2017 | 2016 |
|---|--------------|--------------|
| | £000 | £000 |
| Swavesey Village College | 551 | 572 |
| Nene Park Academy | 532 | 580 |
| North Cambridge Academy | 300 | 300 |
| West Town Primary Academy | 180 | 179 |
| Sawtry Village Academy | 539 | 534 |
| Stamford Welland Academy | 268 | 268 |
| Ely College | 474 | 33 |
| Sawtry Junior Academy | 41 | - |
| The Cambridge Partnership / Leadership East | 23 | - |
| Total | <u>2,908</u> | <u>2,466</u> |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. Trustees' remuneration and expenses

The chief executive officer was paid remuneration from an employment with the trust. The remuneration was paid only in respect of services they provide undertaking the role of chief executive officer under their contract of employment, and not in respect of their role as trustee. The value of remuneration and other benefits was as follows:

| | | 2017 £000 | 2016 £000 |
|-----------------------------------|----------------------------|--------------|--------------|
| M Woods (chief executive officer) | Remuneration | 115-120 | 105-110 |
| | Pension contributions paid | 15-20 | 15-20 |

During the year ended 31 August 2017, no trustees received any reimbursement of expenses (2016 - £NIL to no trustees).

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £2,663 (2016 - £2,604).

15. Other finance income

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Interest income on pension scheme assets | 353 | 395 |
| Interest on pension scheme liabilities | (598) | (582) |
| | <u>(245)</u> | <u>(187)</u> |

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. Tangible fixed assets

| Group and Trust | Freehold property £000 | Long-term leasehold property £000 | Motor vehicles £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|-----------------------|------------------------------|--|---------------------------|----------------------------------|-------------------------------|---------------|
| Cost | | | | | | |
| At 1 September 2016 | 59,416 | 29,314 | 16 | 502 | 1,042 | 90,290 |
| Additions | 569 | 9,267 | - | 89 | 157 | 10,082 |
| Disposals | - | - | - | (31) | - | (31) |
| At 31 August 2017 | 59,985 | 38,581 | 16 | 560 | 1,199 | 100,341 |
| Depreciation | | | | | | |
| At 1 September 2016 | 1,537 | 763 | 4 | 167 | 866 | 3,337 |
| Charge for the year | 1,205 | 351 | 3 | 78 | 271 | 1,908 |
| On disposals | - | - | - | (19) | - | (19) |
| At 31 August 2017 | 2,742 | 1,114 | 7 | 226 | 1,137 | 5,226 |
| Net book value | | | | | | |
| At 31 August 2017 | 57,243 | 37,467 | 9 | 334 | 62 | 95,115 |
| At 31 August 2016 | 57,879 | 28,551 | 12 | 335 | 176 | 86,953 |

Additions to long-term leasehold property includes £9,224,000 for the recognition of the West Town Primary Academy and Sawtry Junior Academy properties following the trust entering into 125 year leases for the sites. The remaining additions to long-term leasehold and freehold property are improvements to existing sites.

17. Investment property

| Group and Trust | Freehold investment property £000 |
|--|--|
| Valuation | |
| At 1 September 2016 and 31 August 2017 | 350 |

The 2017 valuations were made by the trustees after taking professional advice, on an open market value for existing use basis.

18. Fixed asset investments

The trust holds the entire share capital of CMAT Education Services Limited. The cost of the shares at 1 September 2016 and 31 August 2017 is £1.

CAMBRIDGE MERIDIAN ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Stocks

| | Group | | Trust | |
|----------------------|--------------|-------------|--------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Clothing and uniform | 69 | 73 | 69 | 73 |

20. Debtors

| | Group | | Trust | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 316 | 402 | 271 | 391 |
| Amounts owed by group undertakings | - | - | 201 | - |
| Other debtors | 246 | 147 | 242 | 147 |
| Prepayments and accrued income | 971 | 1,913 | 963 | 1,935 |
| | 1,533 | 2,462 | 1,677 | 2,473 |

21. Creditors: Amounts falling due within one year

| | Group | | Trust | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 |
| Other loans | 10 | 10 | 10 | 10 |
| Trade creditors | 857 | 139 | 842 | 139 |
| Other taxation and social security | 501 | 493 | 501 | 493 |
| Other creditors | 618 | 638 | 618 | 638 |
| Accruals and deferred income | 2,632 | 2,069 | 2,631 | 2,068 |
| | 4,618 | 3,349 | 4,602 | 3,348 |

| | Group | | Trust | |
|--------------------------------------|--------------|-------------|--------------|-------------|
| | £000 | £000 | £000 | £000 |
| Deferred income | | | | |
| Deferred income at 1 September 2016 | 682 | 523 | 682 | 523 |
| Resources deferred during the year | 1,123 | 682 | 1,160 | 682 |
| Amounts released from previous years | (491) | (523) | (491) | (523) |
| Deferred income at 31 August 2017 | 1,314 | 682 | 1,351 | 682 |

At the balance sheet date the trust was holding funds received in advance of the 2017/18 financial year in respect of grants and student deposits.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Creditors: Amounts falling due after more than one year

| | <u>Group</u> | | <u>Trust</u> | |
|-------------|--------------|-------------|--------------|-------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Other loans | 27 | 45 | 27 | 45 |

Included in other loans is a 0% interest salix loan. The loan is repayable evenly over eight years by installments paid every six months. The installments commenced March 2015.

23. Statement of funds

| | <u>Balance at 1 September 2016 £000</u> | <u>Income £000</u> | <u>Expenditure £000</u> | <u>Transfers in/out £000</u> | <u>Gains/ (Losses) £000</u> | <u>Balance at 31 August 2017 £000</u> |
|---|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Unrestricted funds | | | | | | |
| General funds | 2,377 | 2,398 | (1,961) | (852) | - | 1,962 |
| Investment property fund | 350 | - | - | - | - | 350 |
| | <u>2,727</u> | <u>2,398</u> | <u>(1,961)</u> | <u>(852)</u> | <u>-</u> | <u>2,312</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 28,487 | (28,487) | - | - | - |
| Start-up grants | 267 | 95 | (325) | - | - | 37 |
| Pupil premium | - | 1,248 | (1,248) | - | - | - |
| Other DFE/ESFA revenue grants | - | 1,561 | (1,561) | - | - | - |
| Cambridge Partnership / Leadership East | 43 | 854 | (865) | - | - | 32 |
| Pension reserve | (10,739) | (591) | (1,226) | - | 6,133 | (6,423) |
| | <u>(10,429)</u> | <u>31,654</u> | <u>(33,712)</u> | <u>-</u> | <u>6,133</u> | <u>(6,354)</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Statement of funds (continued)

Restricted fixed asset funds

| | | | | | | |
|------------------------|---------------|---------------|-----------------|------------|--------------|---------------|
| Fixed asset fund | 86,953 | 9,224 | (1,909) | 846 | - | 95,114 |
| DfE/ESFA capital fund | 335 | 1,363 | (1,653) | 6 | - | 51 |
| Other capital grants | 402 | - | (28) | - | - | 374 |
| | <u>87,690</u> | <u>10,587</u> | <u>(3,590)</u> | <u>852</u> | <u>-</u> | <u>95,539</u> |
| Total restricted funds | <u>77,261</u> | <u>42,241</u> | <u>(37,302)</u> | <u>852</u> | <u>6,133</u> | <u>89,185</u> |
| Total of funds | <u>79,988</u> | <u>44,639</u> | <u>(39,263)</u> | <u>-</u> | <u>6,133</u> | <u>91,497</u> |

Statement of funds - prior year

| | <i>Balance at 1 September 2015 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 August 2016 £000</i> |
|---------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Unrestricted funds | | | | | | |
| General funds | 2,024 | 2,816 | (2,463) | - | - | 2,377 |
| Investment property fund | - | - | - | 350 | - | 350 |
| | <u>2,024</u> | <u>2,816</u> | <u>(2,463)</u> | <u>350</u> | <u>-</u> | <u>2,727</u> |

Restricted funds

| | | | | | | |
|---|----------------|---------------|-----------------|--------------|----------------|-----------------|
| General Annual Grant (GAG) | - | 22,675 | (22,094) | (581) | - | - |
| Start-up grants | 20 | 954 | (707) | - | - | 267 |
| Pupil premium | - | 1,046 | (1,046) | - | - | - |
| Other DfE/ESFA revenue grants | - | 2,582 | (2,582) | - | - | - |
| Cambridge Partnership / Leadership East | 115 | 649 | (721) | - | - | 43 |
| Funds transferred on joining the trust | 350 | - | - | (350) | - | - |
| Pension reserve | (4,535) | (1,155) | (636) | 75 | (4,488) | (10,739) |
| | <u>(4,050)</u> | <u>26,751</u> | <u>(27,786)</u> | <u>(856)</u> | <u>(4,488)</u> | <u>(10,429)</u> |

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FOR THE YEAR ENDED 31 AUGUST 2017

23. Statement of funds (continued)

Restricted fixed asset funds

| | | | | | | |
|------------------------|---------------|---------------|-----------------|--------------|----------------|---------------|
| Fixed asset fund | 28,714 | 57,414 | (1,293) | 2,118 | - | 86,953 |
| DfE/ESFA capital fund | 492 | 1,806 | (519) | (1,444) | - | 335 |
| Other capital grants | 47 | 570 | (47) | (168) | - | 402 |
| | <u>29,253</u> | <u>59,790</u> | <u>(1,859)</u> | <u>506</u> | <u>-</u> | <u>87,690</u> |
| Total restricted funds | <u>25,203</u> | <u>86,541</u> | <u>(29,645)</u> | <u>(350)</u> | <u>(4,488)</u> | <u>77,261</u> |
| Total of funds | <u>27,227</u> | <u>89,357</u> | <u>(32,108)</u> | <u>-</u> | <u>(4,488)</u> | <u>79,988</u> |

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

Unrestricted funds relate to unrestricted income to be used to support the trust's objectives and educational services.

The restricted general funds relate to the trust's development and operational activities.

The restricted pension reserve represents the LGPS obligation to the employees of the trust.

The restricted fixed asset fund represents the tangible fixed assets of the trust. The DfE/ESFA capital fund and other capital grants represent unspent capital funds at the 31 August 2017.

The transfer to the restricted fixed asset fund represents capital works funded from revenue income.

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23. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £000 | Total 2016 £000 |
|--|--------------------------------|--------------------------------|
| Swavesey Village College | 116 | 236 |
| Nene Park Academy | 1,024 | 1,026 |
| West Town Primary Academy | 249 | 262 |
| North Cambridge Academy | (59) | (49) |
| Sawtry Village Academy | 152 | 217 |
| Stamford Welland Academy | (46) | 196 |
| Ely College | 17 | 70 |
| The Cambridge Partnership / Leadership East | 32 | 43 |
| Cambridge Meridian Academies Trust | 472 | 686 |
| Cambridge Meridian Academies Trust investment property | 350 | 350 |
| Sawtry Junior Academy | 74 | - |
| Total before fixed asset fund and pension reserve | <u>2,381</u> | <u>3,037</u> |
| Restricted fixed asset fund | 95,539 | 87,690 |
| Pension reserve | (6,423) | (10,739) |
| Total | <u><u>91,497</u></u> | <u><u>79,988</u></u> |

The following academy is carrying a net deficit on its portion of the funds as follows:

| Name of academy | Amount of deficit £000 |
|--------------------------|-----------------------------------|
| North Cambridge Academy | 59 |
| Stamford Welland Academy | 46 |

The academy trust is taking the following action to return the academies to surplus:

North Cambridge Academy

CMAT took over a failing school (The Manor) which had KS4 outcomes (5A*-C inc Eng and Maths) in the bottom 10 of all schools in England.

In the first year we inherited a Year 7 cohort of just 40 students. The school serves a deprived community (in the bottom 20 in the country according to the Centre for Cities report 2017) which is bordered by affluent areas of Cambridge. This places considerable pressure on the school with regard to recruiting students even though the academy's outcomes and Ofsted report are very strong.

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23. Statement of funds (continued)

We have invested in these improved pupil outcomes and have already seen a threefold improvement. We have invested to provide the necessary support for disadvantaged students and the breadth of curriculum required to serve this community. It must be noted that operating a small academy serving a deprived community in an historically and currently underfunded authority is practically impossible. This is compounded by decisions taken by the local schools forum.

The school has been the recipient of a PSBP rebuild. The transfer of considerable costs by the ESFA on to the academy as part of this has placed huge pressures on the academy finances and staff.

Local Authority decisions to expand other local schools continue to place pressure on the long term viability of this school.

CMAT is committed to continuing to provide an excellent education for this community. To return to a balanced budget, the academy has taken a creative approach to driving up incomes and reducing costs where possible. Local demographics suggest that there should be an increase in local pupil numbers that will ultimately enable us to both provide the required quality and breadth of education and balance the budget.

Stamford Welland Academy

CMAT were clear on taking over Stamford Welland Academy that this would be a three year project to break even, the inherited surplus funds being allocated as start up funds to address this failing school. Student numbers, which were falling and were less than 40 for year 7 are now over 100 for first choices for 2017/18 and the recent good ofsted rating confirms the positive steps CMAT have taken.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Statement of funds (continued)

Analysis of academies by cost

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 excluding depreciat- ion £000 | Total 2017 £000 | Total 2016 £000 |
|---|--|---|---------------------------------|---|-----------------------|-----------------------|
| Swavesey Village College | 4,758 | 590 | 291 | 830 | 6,469 | 7,007 |
| Nene Park Academy | 4,273 | 750 | 301 | 649 | 5,973 | 5,975 |
| West Town Primary Academy | 1,153 | 113 | 60 | 204 | 1,530 | 1,385 |
| North Cambridge Academy | 1,599 | 482 | 383 | 369 | 2,833 | 3,085 |
| Sawtry Village Academy | 3,811 | 604 | 596 | 484 | 5,495 | 6,249 |
| Stamford Welland Academy | 1,560 | 388 | 119 | 328 | 2,395 | 2,524 |
| Ely College | 4,055 | 930 | 376 | 702 | 6,063 | 1,138 |
| The Cambridge Partnership / Leadership East Cambridge Meridian Academies Trust | 124 | 6 | 9 | 701 | 840 | 737 |
| Sawtry Junior Academy | 507 | 111 | 20 | 84 | 722 | - |
| | 24,510 | 4,668 | 2,176 | 6,000 | 37,354 | 30,815 |

Accounting adjustments arising from the actuarial assessment of the Local Government Pension Scheme deficit cannot be attributed to specific school so for the purpose of this disclosure they have been allocated to Cambridge Meridian Academies Trust.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. Analysis of net assets between funds

| | Restricted funds | Restricted fixed asset funds | Unrestricted funds | Total funds |
|--|---------------------|------------------------------------|-----------------------|----------------|
| | 2017 | 2017 | 2017 | 2017 |
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | 95,115 | - | 95,115 |
| Investment property | - | - | 350 | 350 |
| Current assets | 296 | 461 | 6,343 | 7,100 |
| Creditors due within one year | (227) | (10) | (4,381) | (4,618) |
| Creditors due in more than one year | - | (27) | - | (27) |
| Provisions for liabilities and charges | (6,423) | - | - | (6,423) |
| | <u>(6,354)</u> | <u>95,539</u> | <u>2,312</u> | <u>91,497</u> |

Analysis of net assets between funds - prior year

| | Restricted funds | Restricted fixed asset funds | Unrestricted funds | Total funds |
|--|---------------------|------------------------------------|-----------------------|----------------|
| | 2016 | 2016 | 2016 | 2016 |
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | 86,953 | - | 86,953 |
| Investment property | - | - | 350 | 350 |
| Current assets | 310 | 792 | 5,717 | 6,819 |
| Creditors due within one year | - | (10) | (3,340) | (3,350) |
| Creditors due in more than one year | - | (45) | - | (45) |
| Provisions for liabilities and charges | (10,739) | - | - | (10,739) |
| | <u>(10,429)</u> | <u>87,690</u> | <u>2,727</u> | <u>79,988</u> |

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25. Reconciliation of net movement in funds to net cash flow from operating activities

| | Group | |
|---|----------------|-----------------|
| | 2017 | 2016 |
| | £000 | £000 |
| Net income for the year (as per Statement of Financial Activities) | 5,376 | 57,249 |
| Adjustment for: | | |
| Depreciation charges | 1,909 | 1,293 |
| Dividends, interest and rents from investments | (13) | (14) |
| Loss on the disposal of fixed assets | 12 | - |
| Decrease/(increase) in stocks | 4 | (3) |
| Decrease/(increase) in debtors | 929 | (468) |
| Increase in creditors | 1,269 | 165 |
| Capital grants from DfE and other capital income | (1,363) | (2,352) |
| Defined benefit pension scheme obligation inherited | 591 | 1,155 |
| Defined benefit pension scheme cost less contributions payable | 981 | 374 |
| Defined benefit pension scheme finance cost | 245 | 187 |
| Net (loss) on assets and liabilities from local authority on conversion | (9,224) | (57,414) |
| Net cash provided by operating activities | 716 | 172 |

26. Analysis of cash and cash equivalents

| | Group | |
|--------------|--------------|--------------|
| | 2017 | 2016 |
| | £000 | £000 |
| Cash in hand | 5,498 | 4,283 |
| Total | 5,498 | 4,283 |

27. Conversion to an academy

On 1 November 2016 Sawtry Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cambridge Meridian Academies Trust from Cambridgeshire County Council 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 net assets gifted to trust

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

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27. Conversion to an academy (continued)

| | Restricted funds £000 | Restricted fixed asset funds £000 | Unrestrict ed funds £000 | Total funds £000 |
|---------------------------------------|-----------------------------|--|--------------------------------|------------------------|
| Freehold/leasehold land and buildings | - | 3,448 | - | 3,448 |
| Budget surplus/(deficit) on LA funds | 63 | - | - | 63 |
| LGPS pension surplus/(deficit) | (591) | - | - | (591) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net assets/(liabilities) | (528) | 3,448 | - | 2,920 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The above net assets include £Nil cash.

28. Pension commitments

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cambridgeshire County Council and Lincolnshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £434,000 were payable to the schemes at 31 August 2017 (2016 - 437,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data..

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the

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28. Pension commitments (continued)

recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

The employer's pension costs paid to TPS in the period amounted to £2,096,000 (2016 - £1,959,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,600,000 (2016 - £1,300,000), of which employer's contributions totalled £1,261,000 (2016 - £1,023,000) and employees' contributions totalled £339,000 (2016 - £277,000). The agreed contribution rates for future years are 22% for employers and tiered% for employees.

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.

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.50 % | 2.10 % |
| Rate of increase in salaries | 2.70 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.40 % | 2.10 % |

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.4 | 22.5 |
| Females | 24.4 | 24.5 |
| Retiring in 20 years | | |
| Males | 24.0 | 24.4 |
| Females | 26.3 | 26.9 |

| | At 31 August 2017 £000 | At 31 August 2016 £000 |
|--|------------------------------|------------------------------|
| Sensitivity analysis | | |
| Discount rate +0.1% | 609,000 | 534,000 |
| Discount rate -0.1% | (609,000) | (534,000) |
| Mortality assumption - 1 year increase | 988,000 | 808,000 |
| Mortality assumption - 1 year decrease | (988,000) | (808,000) |
| CPI rate +0.1% | 511,000 | 434,000 |
| CPI rate -0.1% | (511,000) | (434,000) |

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28. Pension commitments (continued)

The group's share of the assets in the scheme was:

| | Fair value at 31 August 2017 £000 | Fair value at 31 August 2016 £000 |
|------------------------------|--|--|
| Equities | 14,076 | 12,176 |
| Property | 1,280 | 1,202 |
| Cash and other liquid assets | 548 | 414 |
| Debt instruments | 2,376 | 2,379 |
| Total market value of assets | <u>18,280</u> | <u>16,171</u> |

The actual return on scheme assets was £634,000 (2016 - £2,201,000).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2017 £000 | 2016 £000 |
|----------------------|----------------|----------------|
| Current service cost | (2,242) | (1,397) |
| Interest income | 353 | 395 |
| Interest cost | (598) | (582) |
| Total | <u>(2,487)</u> | <u>(1,584)</u> |

Movements in the present value of the defined benefit obligation were as follows:

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Opening defined benefit obligation | 26,910 | 13,804 |
| Upon conversion | 704 | - |
| Transferred in on existing academies joining the trust | - | 4,626 |
| Current service cost | 2,242 | 1,397 |
| Interest cost | 598 | 582 |
| Employee contributions | 339 | 277 |
| Actuarial (gains)/losses | (5,852) | 6,294 |
| Benefits paid | (238) | (70) |
| Closing defined benefit obligation | <u>24,703</u> | <u>26,910</u> |

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28. Pension commitments (continued)

Movements in the fair value of the group's share of scheme assets:

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Opening fair value of scheme assets | 16,171 | 9,269 |
| Upon conversion | 113 | - |
| Transferred in on existing academies joining the trust | - | 3,471 |
| Interest income | 353 | 395 |
| Actuarial losses | 281 | 1,806 |
| Employer contributions | 1,261 | 1,023 |
| Employee contributions | 339 | 277 |
| Benefits paid | (238) | (70) |
| | <u>18,280</u> | <u>16,171</u> |
| Closing fair value of scheme assets | <u>18,280</u> | <u>16,171</u> |

29. Operating lease commitments

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

| | 2017 £000 | 2016 £000 |
|-------------------------|--------------|--------------|
| Group and Trust | | |
| Amounts payable: | | |
| Within 1 year | 146 | 111 |
| Between 1 and 5 years | 9 | 135 |
| | <u>155</u> | <u>246</u> |
| Total | <u>155</u> | <u>246</u> |

30. 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.

31. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

32. Post balance sheet events

On 1 September 2017 Downham Feoffees, a 200 pupil primary school, joined the trust.

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33. Agency Arrangements

The trust distributes initial teacher training funds as an agent. In the accounting period ending 31 August 2017 the trust received £761,000 (2016: £410,000) and distributed £761,000 (2016: £410,000). £Nil (2016: £Nil) is included in creditors relating to undistributed funds.

34. Principal subsidiaries

CMAT Education Services Limited

| | |
|---|---|
| Subsidiary name | CMAT Education Services Limited |
| Company registration number | 09200472 |
| Basis of control | Ownership of share capital and voting rights. |
| Equity shareholding % | 100% |
| Total assets as at 31 August 2017 | £ 217,327 |
| Total liabilities as at 31 August 2017 | £ 217,326 |
| Total equity as at 31 August 2017 | £ 1 |
| Turnover for the year ended 31 August 2017 | £ 301,992 |
| Expenditure for the year ended 31 August 2017 | £ (301,992) |
| Result for the year ended 31 August 2017 | £ - |