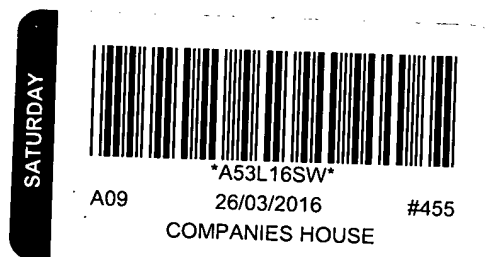


**Registered number: 07879288 (England and Wales)**

**Erudition Schools Trust**

**Trustees Report and Financial Statements**

**For the year ended 31 August 2015**



**ZDAINS**  
ACCOUNTANTS

**Erudition Schools Trust**  
**(A company limited by guarantee)**

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**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Reference and Administrative Details of the Multi Academy Trust, its Members/ Trustees and Advisers**  
**For the year ended 31 August 2015**

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<b>Members</b>	Ms K L Mackay Ms J Mathis-Hull Mr D I P K Cumberbatch (appointed 25 July 2015) Mr S A Finnigan (appointed 25 July 2015)
<b>Trustees</b>	Mr C R Hopkins, Chair Ms K L Mackay Mr J L Konantz (resigned 24 July 2015) Mr M J Smith, Head Teacher (resigned 25 March 2015) Mrs J L Holt (resigned 19 May 2015) Mr A P Wilmot (resigned 18 September 2015) Ms J Mathis-Hull Mr G R Schuhmacher (appointed 17 September 2014) Mr D I Cumberbatch (appointed 27 July 2015) Mr S Finnigan, Chief Executive (appointed 27 July 2015)
<b>Company registered number</b>	07879288 (England and Wales)
<b>Principal and registered office</b>	Coventry University Technology Park Puma Way Coventry CV1 2TT
<b>Senior management team</b>	Mr C R Hopkins, Director of Education, Lichfield Diocese Ms K L Mackay, Managing Director, Erudition Schools Trust Mr A P Wilmot, School Principal (resigned 18 September 2015) Ms J Mathis-Hull, Associate General Counsel K12 Mr A Windram, Head of Finance & Resources (UK) Mr N Bashir, Director of Academies Improvement & Learning (appointed 1 August 2015) Mr J L Konantz, Snr.Vice President, Schools Services, K12(resigned 24 July 2015) Mr M J Smith, Head Teacher (resigned 25 March 2015) Ms J L Holt, Assistant Principal, Learning Services, Walsall College (resigned 19 May 2015) Mr D I P K Cumberbatch, Executive VP & Chief Strategy Officer K12 (appointed 27 July 2015) Mr S A Finnigan, SVP International Business Development K12 and Accounting Officer (appointed 27 July 2015)
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
<b>Bankers</b>	Lloyds Bank Plc 41 Market Street Longton Stoke on Trent ST3 1BN

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Reference and Administrative Details of the Multi Academy Trust, its Members/ Trustees and Advisers**  
**For the year ended 31 August 2015**

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**Administrative details (continued)**

<b>Solicitors</b>	Browne Jacobson Mowbury House Castle Meadow Road Nottingham NG2 1BJ
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**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Trustees' Report**  
**For the year ended 31 August 2015**

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The Trustees (who are also directors of the Multi Academy Trust for the purposes of the Companies Act) present their annual report together with the audited financial statements of Erudition Schools Trust (the Multi Academy Trust and the group) for the ended 31 August 2015. The Trustees confirm that the Annual report and financial statements of the Multi Academy Trust and the group comply with the current statutory requirements, the requirements of the Multi Academy Trust and the group's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a. Constitution**

The Multi Academy Trust and the group is a charitable company limited by guarantee and was incorporated by a Memorandum of Association on 12 December 2012. The Multi Academy Trust has exempt charity status and its principal regulator is the Department for Education (DfE).

The Multi Academy Trust and the group is constituted under a Memorandum of Association dated 12 December 2012.

The Multi Academy Trust was dormant until the 1 January 2013 when the North Walsall Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Erudition Schools Trust from Walsall Metropolitan Borough Council. On 1 September 2014 the Queen Elizabeth School and Sports College joined the Trust as The Queen Elizabeth Academy, with Kingsbury School joining on 1st March 2015 as Kingsbury School – a Specialist Science & Mathematics Academy.

**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**

Since the incorporation of the Charitable Company on 12 December 2012, the Trustees (directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in Note 13 to the financial statements the limit of this indemnity is £10,000,000.

**d. Principal activities**

To establish, maintain, carry on, manage and develop the Academies at locations to be determined by the Directors.

To provide educational facilities and services to students of all ages and the wider community for the public benefit and in so doing shall have regard to the respective ethos and mission statement of each Academy.

Following a meeting of the Trust Board on 8th September 2015, the Trustees informed the Department for Education (DfE) that they have resolved to wind up Erudition Schools Trust (Trust). This decision was made primarily because the Trust has been unable to expand at a rate that makes the central support services required for administering and developing school improvement initiatives financially sustainable.

The Trustees continue to work with the DfE and the Education Funding Agency (EFA) to find a way forward to ensure an orderly transfer to alternative governance arrangements, with the objective of this process being completed during the Spring of 2016, after which the Trust will be wound up. During this difficult transition period

the trustees are committed to ensuring that the impact on its academies, staff and pupils is minimised.

**e. Method of recruitment and appointment or election of Trustees**

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Trustees may appoint such number of Trustees as they see fit having regard to any recommendations and views of the Members in relation to ensuring that the people serving on the Board of Trustees between them have an appropriate range of skills and experience and due attention is given to succession planning.

**1. Staff Trustees**

The Trustees may appoint such number of Staff Trustees and/or Principals to be Trustees through such process as they may determine provided that the total number of Trustees including the Chief Executive Officer who are employees of the Company does not exceed one third of the total number of Trustees.

**2. Academy Trustees**

There shall be a minimum of 1 Academy Trustee but otherwise such number as the directors shall decide.

**3. Co-opted Trustees**

The Trustees may appoint up to 3 Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Trustee would exceed one third of the total number of Trustees including the Chief Executive Officer.

**f. Policies and procedures adopted for the induction and training of Trustees**

Induction for new Trustees is tailored according to their experience and background. External Trustees are provided with information about the Multi Academy Trust by the Clerk to Trustees with an Induction Pack. New Trustees requiring guidance on the roles of Trustees are provided with external training and through internal meetings and discussion with staff and other Trustees.

**g. Organisational structure**

The Trust is a multi-academy trust and runs a growing number of schools. This will allow the schools to work collaboratively, sharing resources to improve efficiencies and pool expertise, as well as enable peer to peer support and challenge.

The Trust is managed by a Board of Directors (also referred to as the Trustees) who meet regularly and provide strategic leadership and vision to the schools. The Board of Directors is made up of executive officers of EST (e.g. Chief Executive Officer and Finance Director) together with non-executive officers (Directors/ Trustees) appointed by the Members and individuals drawn from the schools, such as a representative head teacher and a chair of a governing body.

The Board appoints a Local Governing Body to be an advisory body for each EST school. The members of the Local Governing body are referred to as Governors to distinguish them from the Directors of the Trust.

**Directors/Trustees**

Our Directors/ Trustees form the Board of EST and oversee the operation of all schools within the group. The Members use their power of appointment to ensure that the Board has a broad balance of skills and experience to oversee the strategy and performance of EST schools and to provide appropriate support and challenge to Local Governing Bodies.

The EST Board of Directors meets at least three times a year, and more frequently when necessary, to discharge its duties.

The Directors have put in place a Scheme of Delegation which says that:

- The EST Directors are accountable for the quality of education across the group
- The Directors will set policies and monitor performance, intervening or supporting where necessary.
- The Directors will retain responsibility for Audit throughout the Trust and its Academies. - They will determine the ethos and mission statement of each school within the group
- They will appoint the CEO and all Principals of EST schools
- They will appoint a Local Governing Body as "Advisory Body" under the Funding Agreement.

In discharging these duties, the Board will approve a Statement of Strategic Direction and a School Action Plan for each of its schools. These will establish standards of educational and financial performance for each school. Local Governing Bodies, Principals and Senior Leadership Teams will be held accountable for delivering this performance.

LGBs of EST schools must submit a report to each EST Board meeting reporting their performance to date against these educational and financial performance standards and forecasting their future performance. In the event that the LGB report suggests that the school might deviate from acceptable performance, the Board will intervene as necessary to support, challenge or otherwise ensure that the school returns to an acceptable level of performance.

Operationally, the EST Head of Finance & Resources works with the Bursar/ Finance Manager of each EST school to ensure that the financial performance of each school remains acceptable, supporting, challenging and intervening where necessary.

All reports and forecasts from schools to the Secretary of State, EFA or other parts of DfE must come via the EST Board to ensure that appropriate group support and challenge has been applied.

#### **Governors**

A school's local governing body (SGB) will be made up of governors appointed by the EST Directors (usually on the advice of the governing body) plus the Principal, 2 elected staff governors, 2 elected parent governors and other governors appointed by the Trust to achieve an appropriate balance of skills, experience, challenge and succession planning within the governing body.

The Scheme of Delegation says:

- the management of the school will be delegated to SGB within the overall strategic direction, ethos & mission set by the Directors
- SGB will be responsible for setting the strategic direction of the school
- SGB will be responsible for its own finances (with an annual budget being approved by the EST Directors) but must seek EST approval for expenditure above specified levels
- SGB will provide educational & management accounts to the EST Directors
- SGB will be responsible for recruitment and standards.
- SGB will operate within a rolling 5 year Estates Strategy approved by the Directors
- However, the EST Directors reserve the power to direct SGB if necessary and (in the extreme) retain the power to replace the SGB governing body.

#### **h. Risk management**

The Trust is undertaking a comprehensive assessment of possible risks to the future of the Trust. The potential risks that have been identified are being included in the Trust's "Risk Register and Continuity Plan" The areas covered include Strategic, Financial, Regulatory, Operational, Reputation, Staffing and ICT.

**i. Connected organisations, including related party relationships**

K12 Education (UK) Limited - a subsidiary of K12 Inc, a company incorporated in the United States of America, in which trustees Jakki Mathis-Hull, David Cumberbatch and Stuart Finnigan are employees. Details of transactions with this company are disclosed in Note 26.

**Objectives and Activities**

**a. Objects and aims**

The Company's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools and Academies, offering a broad and balanced curriculum. Also to promote for the benefit of the areas served by the Academies the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

**b. Strategies and activities for achieving objectives**

**Learning culture and approaches to learning and teaching**

- Approaches to learning and teaching that will bring about the highest level of knowledge, skills and understanding for learners within subjects.
- The use of inspirational resources, especially a wide range of technologies, to support innovative teaching and motivate students.
- A common written and verbal feedback policy which, together with consistent whole school assessment for learning strategies, will support and guide students in making progress. Students will know at all times at what level they are working, what their target is and what they need to do to improve
- The development of a shared understanding of learning, so that staff cater for a range of different ways of learning and students are encouraged to learn in different ways and in a range of contexts.
- The creation of a whole school culture of personalised and independent learning through the structured development of Behaviours for Learning, supported by E- learning and teacher mentoring.
- The development of extended learning both on site and at home which is relevant, enjoyable and engaging and which encourages lifelong learning.

**Planning for learning**

- The development of high quality planning for learning which emphasises the main characteristics of school's curriculum commitment i.e. literacy, numeracy and key skills across the curriculum, SEAL, individualised learning, personalised pathways to success, thematic delivery, using appropriate facilities and technologies.
- Rigorous application of a range of data across all subject areas to inform lesson planning and provide differentiated activities and resources.
- The development in all teaching areas of good learning spaces which are designed to be flexible enough to allow for a range of different teaching and learning activities such as experiential and distance learning and flexible school days.

**Building learners' independence, resilience and engagement**

- The development of language for learning, shared by learners and staff.
- An emphasis on developing meta-cognition.
- The development in all lessons, including those on-line collaborative lessons, of higher level, 'open' style questioning which provides rigour and challenges students' thinking by probing their answers and encouraging higher order thinking skills.
- The development of opportunities to develop SEAL.
- The development of opportunities for students to transfer knowledge and core skills across subject boundaries and to develop an understanding of learning to learn.



### **c. Public benefit**

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Erudition Schools Trust is the maintenance and development of a quality education provided by the school. It is the Trustees' aim to deliver outstanding learning to all of its students during the journey of improvement towards excellence. It is a priority to ensure the public benefit for all young people in the areas in which it operates.

In doing this, Erudition Schools Trust not only offers a broad based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities and educational trips and visits are offered to students.

### **Group strategic report**

#### **Achievements and performance**

##### **a. Progress and Attainment**

As a Multi Academy Trust, Erudition Schools Trust aimed to develop the number of academies within the Trust to include pupils from KS1 through to KS5. By securing a smooth transition on conversion and establishing a partnership between sponsor and school the Trust ensures key beliefs and ideas remain the same and current best practices are transferred to provide stability and assurance to both pupils and staff.

Building upon a school's existing strengths we simply introduce a range of exciting new 21st century teaching practices that will provide our pupils with the foundations to succeed in today's world.

On 1st September 2014 the Queen Elizabeth School and Sports College joined the Trust as The Queen Elizabeth Academy, with Kingsbury School joining on 1st March 2015 as Kingsbury School – a Specialist Science & Mathematics Academy. Charles Cuddy Walker Academy has been part of the Erudition Schools Trust since January 2013.

Charles Cuddy Walker Attainment and Progress:

Charles Cuddy Walker Academy had an Ofsted inspection in March 2014 and was Rated 'Requires Improvement' with the Early Years provision be rated 'Good'. Ofsted reported 'The academy's Trust have contributed to the recent improvements made in teaching, the early years and leadership, including governance. As a result, pupils are now making better progress.'

Under Leadership and Management Ofsted reported, 'Members of the trust are very proactive in the support they give to the school. This was particularly noted during its time of unstable leadership. They do not shy away from making difficult decisions for the benefit of pupils. For example, they are supporting the new head teacher to address some of the inadequacies in teaching. The trust uses its links with the teaching school well and this has helped to improve the quality of teaching. It has invested heavily in improving the learning environment, including the outdoor provision in the early years, and providing high-quality resources for its pupils.'

#### **2014/15 Sats Results overview**

- Reading: 63% (National 89% 2014)
- Writing: 80% (National 85% 2014)
- Mathematics: 60% (National 86% 2014)

These provisional figures show that 40% of students at Charles Cuddy Walker Academy reached a Level 4 in Reading, Writing and Mathematics combined. This is below the floor target of 65%.

The proportion of students receiving a level 4 has decreased. The cohort KS1 Average point score is low on entry at 11.8 (1a) therefore the 2 levels of progress remain high at Reading 73%, Writing 97%, and Mathematics 80% .

**The Queen Elizabeth Academy**

On the 1st September 2014 The Queen Elizabeth Academy joined the Trust. Its predecessor school, The Queen Elizabeth School was rated 'Satisfactory' by Ofsted in March 2013.

Since joining the trust the school has benefited from a STEM lab which has promoted independent learning for students in all year groups.

**2015 GCSE Results Overview:**

2014 Overall GCSE Figure stands at 41% including English and Maths. This was above the floor target of 40% for 2014. Students arrive with a KS2 APS of 26.2, and a significant negative on entry of -1.5. As a result of intervention year, some low performing subjects better than in 2014. The academy invested in exam moderators to work with members of staff and hired private tutors for English and Maths to work with small groups of students. The successes for 2014 include:

- This is the first time TQEA has had a Capped8 +En/Ma above 1000 (1010.19)
- Progress 8 Measure of 0.31
- Attainment in English is 4% above the 2014 national average
- Attainment in Maths is 4% above the 2014 national average
- 3 Levels of progress in English and Maths is above the FFT-A and D prediction
- Low performing subjects from 2014 in many cases have made a considerable improvement

**Kingsbury School – a Specialist Science & Mathematics Academy**

Kingsbury School joined the trust in March 2015. The predecessor school was rated as 'Satisfactory' by Ofsted. The school was recently recognised for its 3 year upward trend of results.

2014 Overall GCSE Figure stands at 62% including English and Maths. This was above the floor target of 40% for 2014. Students arrive with a KS2 APS of 27.3, and a significant negative on entry of -0.3.

The successes for 2014/15 include:

- 76.7% A\*-C Additional Science (based on 90 entries).
- 66.7% A\*-C Business Studies (first year of entry).
- 100% A\*-C and 60% A\*-A in Resistant Materials.
- 38% A\*-A in Statistics (based on 53 entries).
- 100% A\*-C achieved in Art, Astronomy, RM, Textiles, Dance, French, Geography, Health and Social Care, History, Media and Statistics.
- 40% of cohort achieved A\*-C in 3+ Sciences
- Progress 8 Measure of 0.1

**b. Going concern**

Following a meeting of the Trust Board on 8 September 2015, the Trustees informed the Department for Education (DfE) that K12 Inc has notified Erudition Schools Trust of its intention to withdraw its financial support to the Trust, due to the fact that the Trust has been unable to expand at a rate that makes the central support services required for administering and developing school improvement initiatives financially sustainable in the medium to long term.

Both K12 Inc. and the Trust believe that the interests of the pupils and staff in the three Trust academies must be paramount. The Trustees continue to work with the academies, the DfE and the Education Funding Agency (EFA) to find a way forward to ensure an orderly transfer to alternative governance arrangements as soon as is practically possible. Following the transfer of the Trusts academies to alternative governance arrangements, it is the Trustees intention that the Trust be wound up. During this difficult period the Trustees are committed to ensuring that the impact on its academies and the pupils they serve is minimised.

As required by Financial Reporting Standards 3 "Reporting Financial Performance" and 18 "Accounting Policies" the Trustees have prepared the financial statements on a break up basis. Under the break up basis of accounting the assets are stated at their realisable value and liabilities are stated at the settlement value. No

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Trustees' Report (continued)**  
**For the year ended 31 August 2015**

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adjustments arose as a result of preparing the financial statements on a break up basis. Erudition Schools Trust will cease to trade as soon as practically possible. Each academy within the Trust will be transferred together with all of its assets and liabilities to other governance arrangements. The academy staff will also be transferred under TUPE arrangements.

**c. Key financial performance indicators**

The Trustees of the Multi Academy Trust agreed the following key financial performance indicators for 2014-15:-

- **Achieving a balanced budget at year-end**

The Trustees monitor the financial position on a half-termly basis by reviewing written financial year-end projections supported by monthly management accounts.

- **Benchmarking expenditure against other similar organisations**

New benchmarking information recently provided by the Department for Education will be reviewed by Trustees on an annual basis to make comparative judgements on a spend per student basis.

- **Achieving value for money through effective financial management procedures** The school complies with its Financial Procedures Manual.

- **Maintain a positive cash flow with sufficient cash balances to cover monthly expenditure**

Monitoring of cash flow throughout the year has secured sufficient cash balances to ensure cash balances to cover monthly expenditure.

**Financial review**

The majority of the Trust's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to particular purposes i.e. the objects of the Trust. The GAG received during the period covered by this report and the associated expenditure are shown in the restricted funds in the Statement of Financial Activity.

**a. Principal risks and uncertainties**

The ongoing day to day risks to the Trust are financial and result from a projected deficit on the Local Government Pension Scheme (See note 24 to the Financial Statements) along with the general financial challenge of operating a balanced budget.

**b. Reserves policy**

The Board reviews the reserve levels of the Trust annually and will continue to do so. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves .

**c. Material investments policy**

The Trust has no material investments.

## **Plans for future periods**

### **a. Future developments**

Following a meeting of the Trust Board on 8 September 2015, the Trustees informed the Department for Education (DfE) that they have resolved to wind up Erudition Schools Trust and therefore there are no future developments for the Trust other than a smooth transfer to other governance arrangements for the Trusts academies.

### **Funds held as custodian trustee on behalf of others**

The trust holds no funds on behalf of others as a custodian trustee.

### **Employee involvement and employment of the disabled**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Multi Academy Trust and the group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Multi Academy Trust and the group has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Multi Academy Trust and the group's Equal opportunities policy, the Multi Academy Trust and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Multi Academy Trust and the group's offices.

### **Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Trustees' Report (continued)**  
**For the year ended 31 August 2015**

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**Auditors**

The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating the Group strategic report, was approved by order of the board of trustees, as the company directors, on 22 December 2015 and signed on the board's behalf by:



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**Mr C R Hopkins**  
Chair of Trustees

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Governance Statement**

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**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Erudition Schools 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 Trustees' responsibilities statement. The board of trustees has formally met 5 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
Mr C R Hopkins, Chair	5	5
Ms K L Mackay	5	5
Mr J L Konantz (resigned 24 July 2015)	4	4
Mr M J Smith, Head Teacher (resigned 25 March 2015)	0	3
Mrs J L Holt (resigned 19 May 2015)	1	3
Mr A P Wilmot	5	5
Ms J Mathis-Hull	5	5
Mr G R Schuhmacher (appointed 17 September 2014)	2	5
Mr D I Cumberbatch (appointed 27 July 2015)	1	1
Mr S Finnigan, Chief Executive (appointed 27 July 2015)	1	1

The Trust had three academies during the current financial year and all financial matters were dealt with by the academies' Resources Committees. All Trust finance matters have currently been dealt with at Board level.

**Review of Value for Money**

As accounting officer, the Chief Executive 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 board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

**Improving Educational results**

The academy trust is in its third year of operation. Its first academy Charles Caddy Walker Academy officially opened on the 1st January 2013, having been formerly North Walsall Primary School. School numbers have been relatively stable despite their being a high degree of mobility affecting the school.

The trust's second academy, the Queen Elizabeth School and Sports College opened on 1st September 2014 as The Queen Elizabeth Academy. On 1st March 2015 Kingsbury School joined the Trust as Kingsbury School a Specialist Science & Mathematics Academy

Improving educational outcomes is the main priority for the trust and we regularly track pupil progress to ensure that all pupils are meeting their educational expectations. Where pupils are falling behind or in danger of underachievement a specific intervention strategy involving the use of our support staff/learning assistants is put in place to help the pupils to continue to make progress.

#### Financial Governance and oversight

A full audit of the first year's Trust Accounts to 31st August 2013 was required, and after going out to tender Dains were appointed as the auditors to the Trust and have continued to provide audit services for the year to 31st August 2015.

2014/15 was the Trust's third year of operating and now operate three academies. The Trust's Board meet each term and more frequently when necessary and during these meetings review all financial matters relating to the trust.

Each academy has its own Finance and Resources Committee which meets regularly and includes the Chair of Governors, the Head Teacher and the Trust's Head of Finance & Resources. This committee deals with financial matters of the academy including budget approval and reviewing the ongoing financial performance of the academy and makes recommendations to the Governing Body. All budget holders receive regular updates.

A scheme of financial delegation setting out levels of authorisation has been agreed by the Trust Board and the School Governing Body (SGB) which says that the SGB:

- Will be responsible for setting the strategic direction of the academy
- Will be responsible for its own finances (with an annual budget being approved by the Trust's Directors) but must seek Trust approval for expenditure above specified levels.
- Will provide educational and management accounts to the Trust's Directors.

#### Better purchasing

All contracts are appraised or renegotiated in a timely manner to get the very best mix of quality and effectiveness. We have reviewed service level agreements to ensure that we are obtaining the best value for money from the services purchased. Where this is not the case alternative providers will continue to be sought.

#### Options appraisal

The Directors and Senior Leadership Team apply the principles of best value when making decisions about

- Allocation of resources
- Targeting of resources
- Use of resources to best support the educational needs of the pupils

The Trust has developed procedures for assessing need and obtaining goods and services which provide best value. These include

- Competitive tendering
- Accepting "best value" quotes which may not be the cheapest
- Procedures that minimise and make efficient use of office time

#### Economies of scale

As the number of academies increases in 2014/15 the Trust is in a position to benefit from economies of scale for the sourcing of goods and services.

#### Reviewing of control and managing risks

The Trust continues to undertake a comprehensive assessment of possible risks to the future of the Trust. The

potential risks that are identified are included in the Trust's Risk Register and Continuity Plan. The areas covered will include Strategic, Financial, Regulatory, Staffing and ICT.

### **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 Multi 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 Erudition Schools Trust for the year 1 September 2014 to 31 August 2015 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 Multi 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 Multi Academy Trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

The Multi 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 Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr J L Konantz, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems. In particular the checks carried out in the current period included:

- a review of systems and procedures covering purchasing, income and salaries.

On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.



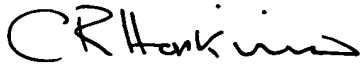
**Review of Effectiveness**

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

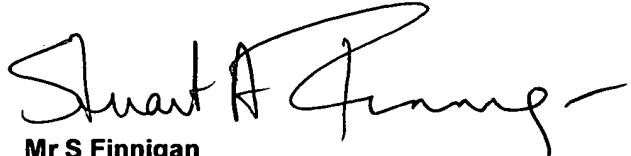
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 22 December 2015 and signed on its behalf, by:



**Mr C R Hopkins**  
Chair of Trustees



**Mr S Finnigan**  
Accounting Officer

**Erudition Schools Trust**  
**(A company limited by guarantee)**

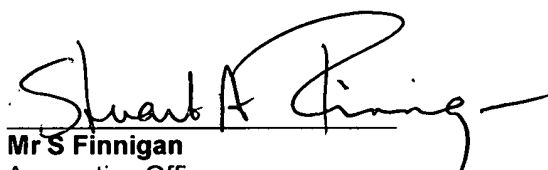
**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Erudition Schools Trust I have considered my responsibility to notify the Multi Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Multi Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Multi Academy Trust board of trustees are able to identify any material, irregular or improper use of funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook (2014).

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 EFA.



**Mr S Finnigan**  
Accounting Officer

Date: 22 December 2015

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Trustees' Responsibilities Statement**  
**For the year ended 31 August 2015**

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The Trustees (who act as governors of Erudition Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Group strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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:

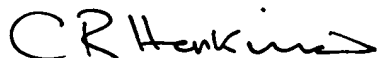
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 EFA/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 22 December 2015 and signed on its behalf by:



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**Mr C R Hopkins**  
Chair of Trustees

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Independent Auditors' Report to the Members of Erudition Schools Trust**

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We have audited the financial statements of Erudition Schools Trust for the year ended 31 August 2015 which comprise the consolidated statement of financial activities, the consolidated and multi academy trust balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Multi 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 Multi Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Multi Academy Trust's members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable Multi 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.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the Multi Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Multi Academy Trust's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Independent Auditors' Report to the Members of Erudition Schools Trust**

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**Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation of the financial statements.

As explained in note 1, the Trustees of Erudition Schools Trust have made a decision to wind up the Trust and informed the Department for Education of this decision on 8 September 2015. As a consequence the Trust is no longer a going concern and the financial statements have been prepared on a break up basis.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the Multi 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 Multi Academy Trust financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Julian Townsend ACA FCCA (Senior statutory auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham  
22 December 2015

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to Erudition Schools Trust and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 21 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Erudition Schools Trust during the year 1 September 2014 to 31 August 2015 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 Erudition Schools Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Erudition Schools Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Erudition Schools Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Erudition Schools Trust's funding agreement with the Secretary of State for Education dated 1 January 2013, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

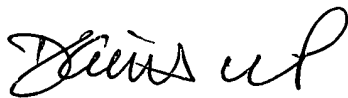
**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to Erudition Schools Trust and the Education Funding Agency (continued)**

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**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

22 December 2015

**Erudition Schools Trust**  
(A company limited by guarantee)

**Consolidated Statement of Financial Activities**  
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
For the year ended 31 August 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income - transfer from Local Authority on conversion	2	300,387	(1,669,000)	9,858,928	8,490,315	-
Other voluntary income	2	880,136	-	-	880,136	-
Activities for generating funds	3	192,724	139,989	-	332,713	39,516
Investment income	4	520	-	-	520	137
Incoming resources from charitable activities:						
Funding for the multi academy academy trust's educational operations	5	95,966	6,261,817	-	6,357,783	1,423,560
<b>Total incoming resources</b>		<b>1,469,733</b>	<b>4,732,806</b>	<b>9,858,928</b>	<b>16,061,467</b>	<b>1,463,213</b>
<b>Resources expended</b>						
Multi academy trust educational operations	6,7	405,617	6,498,455	265,389	7,169,461	1,898,550
Governance costs	8	-	48,239	-	48,239	34,989
<b>Total resources expended</b>	6	<b>405,617</b>	<b>6,546,694</b>	<b>265,389</b>	<b>7,217,700</b>	<b>1,933,539</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>1,064,116</b>	<b>(1,813,888)</b>	<b>9,593,539</b>	<b>8,843,767</b>	<b>(470,326)</b>
Transfers between funds	19	(675,774)	448,054	227,720	-	-
<b>Net incoming resources / (resources expended) before revaluations</b>		<b>388,342</b>	<b>(1,365,834)</b>	<b>9,821,259</b>	<b>8,843,767</b>	<b>(470,326)</b>
Gains and losses on revaluations of investment assets		-	(16,000)	-	(16,000)	33,000
<b>Net movement in funds for the year</b>		<b>388,342</b>	<b>(1,381,834)</b>	<b>9,821,259</b>	<b>8,827,767</b>	<b>(437,326)</b>
Total funds at 1 September 2014		(66,907)	(963,166)	1,919,690	889,617	1,326,943
<b>Total funds at 31 August 2015</b>		<b>321,435</b>	<b>(2,345,000)</b>	<b>11,740,949</b>	<b>9,717,384</b>	<b>889,617</b>

All of the multi-academy trusts activities derive from continuing operations during the above two financial periods.

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

The notes on pages 26 to 47 form part of these financial statements.

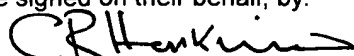


**Erudition Schools Trust**  
**(A company limited by guarantee)**  
**Registered number: 07879288 (England and Wales)**

**Consolidated Balance Sheet**  
**As at 31 August 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	14		11,740,949		1,919,690
<b>Current assets</b>					
Debtors	16	257,141		96,530	
Cash at bank and in hand		748,161		258,994	
		<u>1,005,302</u>		<u>355,524</u>	
<b>Creditors: amounts falling due within one year</b>	17	(673,867)		(446,140)	
<b>Net current assets/(liabilities)</b>			<u>331,435</u>		<u>(90,616)</u>
<b>Total assets less current liabilities</b>			<u>12,072,384</u>		<u>1,829,074</u>
<b>Creditors: amounts falling due after more than one year</b>	18		-		(421,457)
<b>Net assets excluding pension scheme liability</b>			<u>12,072,384</u>		<u>1,407,617</u>
Defined benefit pension scheme liability	25		(2,355,000)		(518,000)
<b>Net assets including pension scheme liability</b>			<u><u>9,717,384</u></u>		<u><u>889,617</u></u>
<b>Funds of the academy</b>					
Restricted funds:					
Restricted funds	19	10,000		(445,166)	
Restricted fixed asset funds	19	11,740,949		1,919,690	
Restricted funds excluding pension liability		<u>11,750,949</u>		<u>1,474,524</u>	
Pension reserve		<u>(2,355,000)</u>		<u>(518,000)</u>	
Total restricted funds			<u>9,395,949</u>		<u>956,524</u>
Unrestricted funds	19		<u>321,435</u>		<u>(66,907)</u>
<b>Total funds</b>			<u><u>9,717,384</u></u>		<u><u>889,617</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 22 December 2015 and are signed on their behalf, by:



**Mr C R Hopkins**  
**Chair of Trustees**

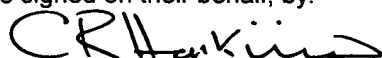
The notes on pages 26 to 47 form part of these financial statements.

**Erudition Schools Trust**  
**(A company limited by guarantee)**  
**Registered number: 07879288 (England and Wales)**

**Multi Academy Trust Balance Sheet**  
**As at 31 August 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	14		<b>11,740,949</b>		1,919,690
Investments	15		<b>1</b>		<b>1</b>
			<b>11,740,950</b>		1,919,691
<b>Current assets</b>					
Debtors	16	<b>352,126</b>		127,824	
Cash at bank and in hand		<b>703,615</b>		239,042	
		<b>1,055,741</b>		366,866	
<b>Creditors: amounts falling due within one year</b>	17	<b>(622,353)</b>		(390,576)	
<b>Net current assets/(liabilities)</b>			<b>433,388</b>		(23,710)
<b>Total assets less current liabilities</b>			<b>12,174,338</b>		1,895,981
<b>Creditors: amounts falling due after more than one year</b>	18		-		(421,457)
<b>Net assets excluding pension scheme liability</b>			<b>12,174,338</b>		1,474,524
Defined benefit pension scheme liability	25		<b>(2,355,000)</b>		(518,000)
<b>Net assets including pension scheme liability</b>			<b>9,819,338</b>		956,524
<b>Funds of the multi academy trust</b>					
<b>Restricted funds:</b>					
Restricted funds	19	<b>10,000</b>		(445,166)	
Restricted fixed asset funds	19	<b>11,740,949</b>		1,919,690	
Restricted funds excluding pension asset		<b>11,750,949</b>		1,474,524	
Pension reserve		<b>(2,335,000)</b>		(518,000)	
Total restricted funds			<b>9,415,949</b>		956,524
Unrestricted funds	19		<b>403,389</b>		-
<b>Total funds</b>			<b>9,819,338</b>		956,524

The financial statements were approved by the Trustees, and authorised for issue, on 22 December 2015 and are signed on their behalf, by:



**Mr C R Hopkins**  
**Chair of Trustees**

The notes on pages 26 to 47 form part of these financial statements.

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Consolidated Cash Flow Statement**  
**For the year ended 31 August 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Net cash flow from operating activities	21	<b>571,481</b>	135,638
Returns on investments and servicing of finance	22	<b>520</b>	137
Capital expenditure and financial investment	22	<b>(82,834)</b>	(49,535)
Cash transferred on conversion to an academy trust	23	<b>(300,388)</b>	-
<b>Increase in cash in the year</b>		<b>188,779</b>	86,240

**Reconciliation of Net Cash Flow to Movement in Net Funds**  
**For the year ended 31 August 2015**

		<b>2015 £</b>	<b>2014 £</b>
Increase in cash in the year		<b>188,779</b>	86,240
<b>Change in net debt resulting from cash flows</b>		<b>188,779</b>	86,240
Cash on conversion to an academy trust	23	<b>300,388</b>	-
<b>Movement in net funds in the year</b>		<b>489,167</b>	86,240
Net funds at 1 September 2014		<b>258,994</b>	172,754
<b>Net funds at 31 August 2015</b>		<b>748,161</b>	258,994

The notes on pages 26 to 47 form part of these financial statements.

**Erudition Schools Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the year ended 31 August 2015**

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared on the basis that the company is no longer a going concern. Under the break up basis of accounting the assets are stated at their realisable value and liabilities are stated at the settlement value. No adjustments arose as a result of preparing the financial statements on a break up basis.

Following a meeting of the Trust Board on 8 September 2015, the Trustees informed the Department for Education (DfE) that K12 Inc has notified Erudition Schools Trust of its intention to withdraw its financial support to the Trust, due to the fact that the Trust has been unable to expand at a rate that makes the central support services required for administering and developing school improvement initiatives financially sustainable in the medium to long term.

Both K12 Inc. and the Trust believe that the interests of the pupils and staff in the three Trust academies must be paramount. The Trustees continue to work with the academies, the DfE and the Education Funding Agency (EFA) to find a way forward to ensure an orderly transfer to alternative governance arrangements as soon as is practically possible. Following the transfer of the Trusts academies to alternative governance arrangements, it is the Trustees intention that the Trust be wound up. During this difficult period the Trustees are committed to ensuring that the impact on its academies and the pupils they serve is minimised.

As required by Financial Reporting Standards 3 "Reporting Financial Performance" and 18 "Accounting Policies" the Trustees have prepared the financial statements on a break up basis. Erudition Schools Trust will cease to trade as soon as practically possible. Each academy within the Trust will be transferred together with all of its assets and liabilities to other governance arrangements. The academy staff will also be transferred under TUPE arrangements.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Multi 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 Multi Academy Trust alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The principal accounting policies are set out below.

**1. Accounting Policies (continued)**

**1.2 Incoming resources**

All incoming resources are included in the statement of financial activities when the Multi Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

**Sponsorship income**

Sponsorship income provided to the Multi Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

**Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Multi Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Multi Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Multi Academy Trust's policies.

**Donations**

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

**Other income**

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

**1. Accounting Policies (continued)**

**1.3 Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**Costs of generating funds**

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**Charitable activities**

Charitable activities are costs incurred in the Multi Academy Trust's educational operations.

**Governance costs**

Governance costs include the costs attributable to the Multi Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.4 Basis of consolidation**

The financial statements consolidate the accounts of Erudition Schools Trust and all of its subsidiary undertakings ('subsidiaries').

The Multi 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 Multi Academy Trust was £8,862,814 (2014 - £370,419).

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Consolidated statement of financial activities and are carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Consolidated statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

On the 1st September 2014, the freehold title of the Queen Elizabeth School site was transferred to the multi-academy trust. As the school is a specialised property, as defined in Financial Reporting Standard Number 15 - Tangible Fixed Assets, this freehold property has been valued in the accounts on a Depreciated Replacement Cost Basis. On the 1st March 2015, the leasehold title of the Kingsbury School site was transferred to the multi-academy trust. As the school is a specialised property, as defined in Financial Reporting Standard Number 15 - Tangible Fixed Assets, this leasehold property has been valued in the accounts on a Depreciated Replacement Cost Basis.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land	-	over the term of the lease
Leasehold property	-	2%-4% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	33.3% straight line

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

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

### **1.6 Investments**

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investments in subsidiaries are valued at cost less provision for impairment.

### **1.7 Operating leases**

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

### **1.8 Taxation**

The Multi 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 Multi 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.

### **1.9 Pensions**

Retirement benefits to employees of the Multi Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Multi Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi 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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Multi Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**1. Accounting Policies (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the Multi 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.10 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Education Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

**1.11 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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Queen Elizabeth School and Kingsbury School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Erudition Schools Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion of the Queen Elizabeth School the trust acquired the freehold title of the school site from Warwickshire County Council. On conversion of the Kingsbury school the trust entered into a lease arrangement with Warwickshire County Council to lease the land and buildings over a period of 125 years for a peppercorn rental. Also on conversion the trust inherited the fixtures and fittings and other tangible assets for the continued use of the school. It has been estimated that the valuation of these assets equates to £9,858,928. As part of the conversion the LGPS obligation relating to the employees of the schools, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion was valued at £1,669,000.

Further details of the transaction are set out in note 24.



**Erudition Schools Trust**  
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**1. Accounting Policies (continued)**

**1.12 Transfers between funds**

Transfers between funds relate to fixed asset purchases from GAG and other revenue sources.

**2. Voluntary income**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Voluntary income - transfer from Local Authority on conversion	300,387	8,189,928	8,490,315	-
Other donations	10,913	-	10,913	-
Other income	34,998	-	34,998	-
Contribution from sponsor	834,225	-	834,225	-
Subtotal	880,136	-	880,136	-
Voluntary income	1,180,523	8,189,928	9,370,451	-

**3. Activities for generating funds**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Catering income	-	139,989	139,989	25,673
Hire of facilities	98,398	-	98,398	1,263
Personalised Learning @ EST sales	94,326	-	94,326	12,580
	192,724	139,989	332,713	39,516
Net income from activities for generating funds	192,724	139,989	332,713	39,516

**4. Investment income**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest receivable	520	-	520	137

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**Notes to the Financial Statements**  
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**5. Funding for Academy's educational operations**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	5,496,069	5,496,069	1,063,327
Pupil premium	-	377,149	377,149	123,475
Universal infant free school meals grant	-	13,639	13,639	-
Infant grant income	-	-	-	9,759
Sports grant	-	55,393	55,393	8,825
Start up grants	-	80,000	80,000	122,943
Academies Maintenance Fund Grant	-	-	-	30,102
Devolved formula capital grant	-	-	-	6,402
Other EFA/DFE income	-	65,300	65,300	-
	-	6,087,550	6,087,550	1,364,833
<b>Other government grants</b>				
SEN grants	-	30,529	30,529	47,670
Early years grants	-	72,461	72,461	-
	-	102,990	102,990	47,670
<b>Other funding</b>				
School fund income	95,966	-	95,966	11,057
Lottery grant	-	10,000	10,000	-
Other income	-	61,277	61,277	-
	95,966	71,277	167,243	11,057
	95,966	6,261,817	6,357,783	1,423,560

**6. Resources expended**

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs	4,251,683	169,266	652,747	5,073,696	1,403,952
Support costs	1,193,740	400,848	501,177	2,095,765	494,598
<b>Charitable activities</b>	5,445,423	570,114	1,153,924	7,169,461	1,898,550
<b>Governance</b>	-	-	48,239	48,239	34,989
	5,445,423	570,114	1,202,163	7,217,700	1,933,539

**Erudition Schools Trust**  
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**Notes to the Financial Statements**  
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**7. Charitable activities**

	<b>Total funds 2015 £</b>	<b>Total funds 2014 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	3,389,158	595,971
National insurance	232,467	40,959
Pension cost	395,511	92,161
Depreciation	265,389	67,317
Pension income	49,000	22,000
Educational supplies	279,091	105,598
Supply staff	110,103	78,481
Staff development	-	12,971
Educational consultancy	103,305	276,549
Travel and subsistence	15,697	3,025
Other direct costs	135,668	76,818
Insurance	-	20,929
School fund expenditure	98,307	11,173
	<b>5,073,696</b>	<b>1,403,952</b>
<b>Support costs - educational operations</b>		
Wages and salaries	818,259	193,091
National insurance	36,207	8,671
Pension cost	339,274	32,409
Staff development	72,850	2,252
Technology costs	3,263	54,800
Travel and subsistence	11,918	8,056
Other direct costs	89,469	35,770
Maintenance of premises	89,876	90,297
Maintenance of equipment	215,556	6,374
Rates	31,757	4,326
Water rates	24,078	6,536
Energy	130,788	19,885
Insurance	68,903	1,669
Security	14,443	-
Catering	108,121	29,942
Occupancy costs	41,003	520
	<b>2,095,765</b>	<b>494,598</b>
	<b>7,169,461</b>	<b>1,898,550</b>

**Erudition Schools Trust**  
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**8. Governance costs**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	12,000	12,000	5,250
Auditors' non audit remuneration	-	8,685	8,685	2,750
Legal and professional fees	-	27,554	27,554	26,604
Trustees' expenses reimbursed	-	-	-	385
	-	48,239	48,239	34,989

**9. Net incoming / (outgoing) resources**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	265,388	67,317
Auditors' remuneration	12,000	5,250
Auditors' non audit remuneration	8,685	2,750

**10. Staff**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,144,834	785,573
Social security costs	268,674	49,630
Other pension costs (Note 25)	734,785	124,570
	5,148,293	959,773
Supply teacher costs	234,547	78,481
Staff restructuring costs	62,583	-
Other costs	-	3,489
	5,445,423	1,041,743

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £58,357 (2014: £nil). Individually, the payments were: £11,496, £13,361, £13,500 and £20,000.

**10. Staff (continued)**

**c. Staff numbers**

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>73</b>	<b>4</b>
Administration	<b>91</b>	<b>17</b>
Management	<b>18</b>	<b>7</b>
	<hr/> <b>182</b> <hr/>	<hr/> <b>28</b> <hr/>

**d. Higher paid staff**

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	<b>1</b>
In the band £70,001 - £80,000	<b>2</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

**11. Central services**

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

- financial services
- legal services
- educational support services

The Multi Academy Trust charges for these services on the following basis:

A flat percentage throughout the year with an ability to pay review at the year end.

The actual amounts charged during the year were as follows:

	<b>2015</b>
	<b>£</b>
Charles Cuddy Walker Academy	<b>19,021</b>
The Queen Elizabeth Academy	<b>60,000</b>
Kingsbury School	<b>38,560</b>
	<hr/> <b>117,581</b> <hr/>
Total	

**Erudition Schools Trust****(A company limited by guarantee)****Notes to the Financial Statements  
For the year ended 31 August 2015**

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**12. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2015 £	2014 £
M Smith (Former Head Teacher, Charles Cuddy Walker Academy)		
- Remuneration	15,000-20,000	60,000-65,000
- Employer's pension contribution	0-5,000	5,000-10,000
A Wilmot (Head Teacher, The Queen Elizabeth Academy)		
- Remuneration	75,000-80,000	-
- Employer's pension contribution	10,000-15,000	-

During the year, no Trustees received any remuneration (2014 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2014 - £385).

**13. Trustees' and officers' insurance**

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

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**14. Tangible fixed assets**

	Land and buildings	Leasehold improvements	Motor vehicles	Fixtures and fittings	Computer equipment	Total
Group and Multi academy trust	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2014	1,839,084	45,037	-	-	128,447	2,012,568
Additions	-	48,000	26,284	-	153,435	227,719
Assets gifted on conversion	9,835,095	-	-	23,833	-	9,858,928
At 31 August 2015	11,674,179	93,037	26,284	23,833	281,882	12,099,215
<b>Depreciation</b>						
At 1 September 2014	61,303	419	-	-	31,156	92,878
Charge for the year	165,663	3,603	2,628	2,383	91,111	265,388
At 31 August 2015	226,966	4,022	2,628	2,383	122,267	358,266
<b>Net book value</b>						
At 31 August 2015	11,447,213	89,015	23,656	21,450	159,615	11,740,949
At 31 August 2014	1,777,781	44,618	-	-	97,291	1,919,690

**15. Fixed asset investments**

	Shares in group undertakings
<b>Multi academy trust</b>	
<b>Cost</b>	
At 1 September 2014 and 31 August 2015	1

**16. Debtors**

	<b>Group</b>		<b>Multi academy trust</b>	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	54,993	144	44,183	-
Amounts owed by group undertakings	-	-	105,795	31,439
Other debtors	62,952	9,973	62,952	9,973
Prepayments and accrued income	139,196	86,413	139,196	86,412
	257,141	96,530	352,126	127,824

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**Notes to the Financial Statements**  
**For the year ended 31 August 2015**

**17. Creditors:**  
**Amounts falling due within one year**

	<b>Group</b>		<b>Multi academy trust</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>278,419</b>	258,751	<b>278,039</b>	258,751
Other taxation and social security	<b>120,487</b>	25,439	<b>112,984</b>	15,606
Other creditors	<b>116,487</b>	17,501	<b>102,447</b>	13,636
Accruals and deferred income	<b>158,474</b>	144,449	<b>128,883</b>	102,583
	<b>673,867</b>	<b>446,140</b>	<b>622,353</b>	<b>390,576</b>

**18. Creditors:**  
**Amounts falling due after more than one year**

	<b>Group</b>		<b>Multi academy trust</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other creditors	<b>-</b>	421,457	<b>-</b>	421,457



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**19. Statement of funds**

	<b>Brought Forward</b> £	<b>Incoming resources</b> £	<b>Resources Expended</b> £	<b>Transfers in/out</b> £	<b>Gains/ (Losses)</b> £	<b>Carried Forward</b> £
<b>Unrestricted funds</b>						
Reserves	(66,907)	1,469,733	(405,617)	(675,774)	-	321,435
<b>Restricted funds</b>						
General Annual Grant (GAG)	(445,166)	5,496,068	(5,498,956)	448,054	-	-
Other DfE/EFA grants	-	479,588	(479,588)	-	-	-
Other government grants	-	164,268	(164,268)	-	-	-
Other restricted income	-	261,882	(251,882)	-	-	10,000
Pension reserve	(518,000)	(1,669,000)	(152,000)	-	(16,000)	(2,355,000)
	<u>(963,166)</u>	<u>4,732,806</u>	<u>(6,546,694)</u>	<u>448,054</u>	<u>(16,000)</u>	<u>(2,345,000)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA Capital grants	1,919,690	9,858,928	(265,389)	227,720	-	11,740,949
Total restricted funds	<u>956,524</u>	<u>14,591,734</u>	<u>(6,812,083)</u>	<u>675,774</u>	<u>(16,000)</u>	<u>9,395,949</u>
Total of funds	<u>889,617</u>	<u>16,061,467</u>	<u>(7,217,700)</u>	<u>-</u>	<u>(16,000)</u>	<u>9,717,384</u>

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

**Restricted general funds**

This fund represents grants and other income received for the Academy's operational activities and development.

**Pension reserve**

The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

**Restricted fixed asset funds**

This fund represents grants received from the DfE and EFA to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the Multi Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**Erudition Schools Trust**  
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**Notes to the Financial Statements**  
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**19. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Erudition Schools Trust - Central services	134,020
The Charles Cuddy Walker Academy	67,800
The Queen Elizabeth Academy	163,092
Kingsbury Academy	68,481
Trading subsidiary - Personalised Learning @ EST Limited	(101,958)
Total before fixed asset fund and pension reserve	331,435
Restricted fixed asset fund	11,740,949
Pension reserve	(2,355,000)
Total	9,717,384

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Erudition Schools Trust - Central services	-	-	-	174,466	174,466
The Charles Cuddy Walker Academy	495,972	269,256	87,775	675,776	1,528,779
The Queen Elizabeth Academy	1,689,046	288,259	135,091	1,104,099	3,216,495
Kingsbury Academy	963,690	148,281	56,225	734,998	1,903,194
Trading subsidiary - Personalised Learning @ EST Limited	-	-	-	129,377	129,377
	3,148,708	705,796	279,091	2,818,716	6,952,311

**Summary of funds**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	(66,907)	1,469,733	(405,617)	(675,774)	-	321,435
Restricted funds	(963,166)	4,732,806	(6,546,694)	448,054	(16,000)	(2,345,000)
Restricted fixed asset funds	1,919,690	9,858,928	(265,389)	227,720	-	11,740,949
	889,617	16,061,467	(7,217,700)	-	(16,000)	9,717,384

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**20. Analysis of net assets between funds**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	11,740,949	11,740,949	1,919,690
Current assets	995,304	10,000	-	1,005,304	355,524
Creditors due within one year	(673,869)	-	-	(673,869)	(446,140)
Creditors due in more than one year	-	-	-	-	(421,457)
Provisions for liabilities and charges	-	(2,355,000)	-	(2,355,000)	(518,000)
	<u>321,435</u>	<u>(2,345,000)</u>	<u>11,740,949</u>	<u>9,717,384</u>	<u>889,617</u>

**21. Net cash flow from operations**

	2015 £	2014 £
Net incoming resources before revaluations	8,843,767	(470,326)
Returns on investments and servicing of finance	(520)	(137)
Non cash gift from the Local Authority	(8,189,928)	-
Donated assets- K12	(144,886)	-
Depreciation of tangible fixed assets	265,388	67,317
Capital grants from DfE	-	(79,447)
(Increase)/decrease in debtors	(160,611)	285,422
(Decrease)/increase in creditors	(193,729)	319,809
FRS 17 adjustments	152,000	13,000
<b>Net cash inflow from operations</b>	<u>571,481</u>	<u>135,638</u>

**22. Analysis of cash flows for headings netted in cash flow statement**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>520</u>	<u>137</u>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(227,720)	(128,982)
Capital grants from DfE	-	79,447
Donated assets- K12	144,886	-
<b>Net cash outflow capital expenditure</b>	<u>(82,834)</u>	<u>(49,535)</u>

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**23. Analysis of changes in net funds**

	1 September 2014 £	Cash flow £	Acquisition £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	258,994	188,779	300,388	-	748,161
<b>Net funds</b>	<b>258,994</b>	<b>188,779</b>	<b>300,388</b>	<b>-</b>	<b>748,161</b>

**24. Conversion to an academy trust**

On 1 September 2014 Queen Elizabeth School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Erudition Schools Trust from Warwickshire County Council for £nil consideration. On 1 March 2015 Kingsbury School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Erudition Schools Trust from Warwickshire County Council for £nil consideration.

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

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.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	9,858,928	9,858,928
Budget surplus on LA funds	300,387	-	-	300,387
LGPS pension deficit	-	(1,669,000)	-	(1,669,000)
<b>Net assets/(liabilities)</b>	<b>300,387</b>	<b>(1,669,000)</b>	<b>9,858,928</b>	<b>8,490,315</b>

The above net assets include £300,387 that were transferred as cash.

**25. 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 Walsall Metropolitan Borough Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £101,605 were payable to the scheme at 31 August 2015 (2014 - £13,304) and are included within creditors.

**25. Pension commitments (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £353,495 (2014: £71,878).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group 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 2015 was £269,000, of which employer's

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**25. Pension commitments (continued)**

contributions totalled £213,000 and employees' contributions totalled £56,000. The agreed contribution rates for future years are 20.1% for employers and 5.5 - 7.5% 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.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(4,008,000)	(779,000)
Fair value of scheme assets	1,653,000	261,000
	<u>(2,355,000)</u>	<u>(518,000)</u>
Net liability	<u>(2,355,000)</u>	<u>(518,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	2015 £	2014 £
Interest on obligation	(119,000)	(34,000)
Expected return on scheme assets	70,000	12,000
Current service cost	(286,000)	(52,000)
	<u>(335,000)</u>	<u>(74,000)</u>
Total	<u>(335,000)</u>	<u>(74,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	779,000	698,000
Interest cost	119,000	34,000
Contributions by scheme participants	56,000	15,000
Current service costs	286,000	52,000
Actuarial gains on liabilities	(20,000)	(20,000)
Benefits paid	(1,000)	-
Acquired on acquisition	2,789,000	-
	<u>4,008,000</u>	<u>779,000</u>
Closing defined benefit obligation	<u>4,008,000</u>	<u>779,000</u>

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**25. Pension commitments (continued)**

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

	2015 £	2014 £
Opening fair value of scheme assets	261,000	160,000
Expected return on assets	70,000	12,000
Employer contributions	171,000	61,000
Contributions by employer	42,000	-
Contributions by employees	56,000	15,000
Assets acquired in a business combination	1,090,000	-
Actuarial gains	(36,000)	13,000
Benefits paid	(1,000)	-
	<u>1,653,000</u>	<u>261,000</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £16,000 (2014 - £NIL).

The group expects to contribute £307,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	64.00 %	45.00 %
Bonds	23.00 %	18.20 %
Property	12.00 %	8.70 %
Cash/liquidity	1.00 %	4.40 %
Other	- %	23.70 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	4.00 %
Expected return on scheme assets at 31 August	3.80 %	5.88 %
Rate of increase in salaries	4.60 %	3.95 %
Rate of increase for pensions in payment / inflation	2.70 %	2.20 %
Inflation assumption (CPI)	2.70 %	2.20 %

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

	2015	2014
Retiring today		
Males	22.4 - 23.0	22.9
Females	24.4 - 25.2	25.5
Retiring in 20 years		
Males	22.4 - 23.0	25.1
Females	24.4 - 25.2	27.8

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**25. Pension commitments (continued)**

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(4,008,000)	(779,000)	(698,000)
Scheme assets	1,653,000	261,000	160,000
Deficit	<u>(2,355,000)</u>	<u>(518,000)</u>	<u>(538,000)</u>

**26. Operating lease commitments**

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
Group	2015 £	2014 £	2015 £	2014 £
<b>Expiry date:</b>				
Within 1 year	-	-	20,523	21,472
Between 2 and 5 years	-	-	2,807	909

**27. Related party transactions**

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

The following related party transactions took place in the period of account.

K12 Education (UK) Limited - a subsidiary of K12 Inc, a company incorporated in the United States of America, and sponsor to the Erudition School Trust. During the year an amount of £834,225 was credited against invoices raised by K12 (2014 - Invoices charged of £367,751) relating to the purchase of specialist equipment, consultancy services and educational resources from K12 Education (UK) Limited took place in the year. At 31 August 2015 amounts due to K12 Education (UK) Limited totalled £nil (2014 - £680,084).

**28. Controlling party**

The ultimate controlling party of the Multi Academy Trust is the Board of Trustees.



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**29. Principal subsidiaries**

<b>Company name</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Personalised Learning @ EST Limited	100	Education services