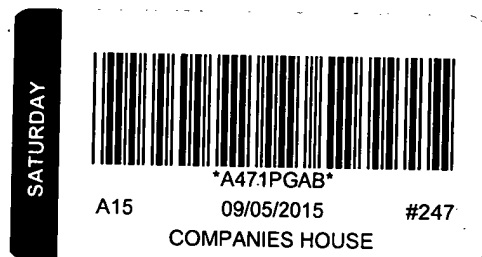


Registered number: 07879288 (England and Wales)

Erudition Schools Trust

Trustees Report and Financial Statements

For the year ended 31 August 2014



Z D A I N S
ACCOUNTANTS

Erudition Schools Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the academy, its trustees and advisers	1
Trustees' report	2 - 8
Governance statement	9 - 10
Statement on regularity, propriety and compliance	11
Trustees' responsibilities statement	12
Independent auditors' report	13 - 14
Independent reporting accountant's assurance report on regularity	15 - 16
Consolidated statement of financial activities	17
Consolidated balance sheet	18
Multi academy trust balance sheet	19 - 20
Consolidated cash flow statement	21
Notes to the financial statements	22 - 43

Erudition Schools Trust
(A company limited by guarantee)

Reference and Administrative Details of the Multi Academy Trust, its Trustees and Advisers
For the year ended 31 August 2014

Members	Ms J Mathis-Hull (appointed 19 June 2014) Mrs M A U Szalay Mr J L Holdren
Trustees	Mr C R Hopkins Ms K L Mackay Mr J L Konantz Mr R J Packard (resigned 19 June 2014) Mr M J Smith, Head Teacher Ms P C Roberts (resigned 26 September 2013) Mrs J L Holt (appointed 26 March 2014) Mr A P Wilmot (appointed 26 March 2014) Ms J Mathis-Hull (appointed 19 June 2014) Mr G R Schuhmacher (appointed 8 October 2014)
Company registered number	07879288 (England and Wales)
Principal and registered office	Coventry University Technology Park Puma Way Coventry CV1 2TT
Senior management team	Mr R J Packard, C.E.O. K12 Mr J L Konantz, Snr.Vice President Ms K L Mackay, Managing Director, Erudition Schools Trust Mr C R Hopkins, Director of Education, Lichfield Diocese Mr M J Smith, Head Teacher Ms J L Holt, Assistant Principal, Learning Services, Walsall College Mr A P Wilmot, School Principal Ms J Mathis-Hull, Associate General Counsel K12 Mr A Windram, Head of Finance & Resources (UK)
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	Lloyds Bank Plc 41 Market Street Longton Stoke on Trent ST3 1BN
Solicitors	Browne Jacobson Mowbury House Castle Meadow Road Nottingham NG2 1BJ

Erudition Schools Trust
(A company limited by guarantee)

Trustees' Report
For the year ended 31 August 2014

The Trustees (who are also directors of the charity 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 2014. 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.

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 £5,000,000.

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.

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.

Erudition Schools Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2014

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 will include Strategic, Financial, Regulatory, Operational, Reputation, Staffing and ICT. Once completed the Register will be brought before the Board for approval and reviewed regularly.

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 R Packard, a trustee, has a majority interest. Details of transactions with this company are disclosed in Note 24.

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 broadly 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

Charles Cuddy Walker Academy continues to perform above floor standards, despite challenging socio-economic circumstances. Unusually it has been able to show excellent progress in providing opportunities for its most disadvantaged (pupil premium) children. Enhanced funding has been brought in through investment in technology and ICT, which is being used to provide additional curriculum opportunities, as well as managing successful bids for capital renewal and community engagement work. Building on the happy and positive atmosphere in the school a robust plan of support school improvement is in place to ensure that all teaching is of the highest quality and all groups of pupils make progress.

b. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

c. Key financial performance indicators

The Trustees of the Multi Academy Trust agreed the following key financial performance indicators for 2013-14:-

- **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 principal risks to the Trust are financial and result from a projected deficit on the Local Government Pension Scheme. (See note 23 to the Financial Statements).

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

As a Multi Academy Trust, Erudition Schools Trust aims 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.

Erudition Schools Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2014

On 1st September 2014 the Queen Elizabeth School and Sports College joined the Trust as The Queen Elizabeth Academy, with at least one further school joining in the spring of 2015.

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

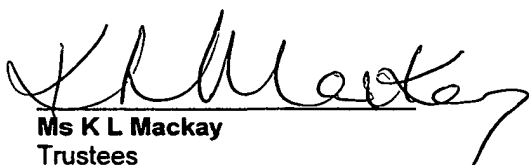
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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.

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 2014 and signed on the board's behalf by:


Ms K L Mackay
Trustees

Erudition Schools Trust
(A company limited by guarantee)

Governance Statement

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 Sr. Vice President, School Services, 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 7 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	6	7
Ms K L Mackay	7	7
Mr J L Konantz	6	7
Mr R J Packard	2	4
Mr M J Smith, Head Teacher	7	7
Ms P C Roberts	0	0
Mrs J L Holt	3	4
Mr A P Wilmot	2	4
Ms J Mathis-Hull	2	2
Mr G R Schuhmacher	0	0

The Trust had one academy during the current financial year and all financial matters relating to the Charles Cuddy Walker Academy were dealt with by the academy's Resources Committee. When a further academy is added to the Trust then a Trust Finance & General Purposes Committee will be established. All Trust finance matters have currently been dealt with at Board level.

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 2013 to 31 August 2014 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 2013 to 31 August 2014 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. On a semi-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

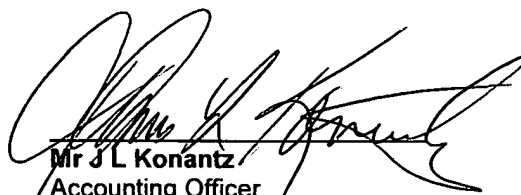
As Accounting Officer, the Sr. Vice President, School Services has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 2014 and signed on its behalf, by:


Ms K L Mackay
Trustee


Mr J L Konantz
Accounting Officer

Erudition Schools Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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 (2013).

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 (2013).

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 J L Konantz
Accounting Officer

Date: 22 December 2014

Erudition Schools Trust
(A company limited by guarantee)

Trustees' Responsibilities Statement
For the year ended 31 August 2014

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 2014 and signed on its behalf by:


Ms K L Mackay
Trustee

Erudition Schools Trust
(A company limited by guarantee)

Independent Auditors' Report to the Board of Trustees of Erudition Schools Trust

We have audited the financial statements of Erudition Schools Trust for the year ended 31 August 2014 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 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the charitable 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 charitable 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 and its 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 parent 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 parent charitable Multi Academy Trust's affairs as at 31 August 2014 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 2013 to 2014 issued by the Education Funding Agency.

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.

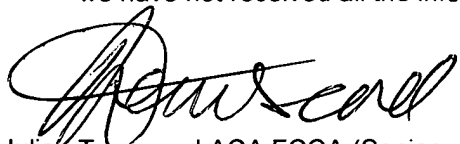
Erudition Schools Trust
(A company limited by guarantee)

Independent Auditors' Report to the Board of Trustees of Erudition Schools Trust

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 parent charitable 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 parent charitable 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 2014

Erudition Schools Trust
(A company limited by guarantee)

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

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 2013 to 2014, 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 2013 to 31 August 2014 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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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)

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 2013 to 31 August 2014 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 2014

Erudition Schools Trust
(A company limited by guarantee)

Consolidated Statement of Financial Activities
For the year ended 31 August 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income - transfer from Local Authority on conversion	2	-	-	-	-	971,390
Other voluntary income	2	-	-	-	-	6,877
Activities for generating funds	3	13,843	25,673	-	39,516	15,622
Investment income	4	137	-	-	137	105
Incoming resources from charitable activities	5	11,057	1,333,056	79,447	1,423,560	1,439,808
Total incoming resources		25,037	1,358,729	79,447	1,463,213	2,433,802
Resources expended						
Charitable activities	7	86,322	1,741,722	67,317	1,895,361	1,077,376
Governance costs	8	3,189	34,989	-	38,178	49,483
Total resources expended	6	89,511	1,776,711	67,317	1,933,539	1,126,859
Net incoming / (outgoing) resources before transfers		(64,474)	(417,982)	12,130	(470,326)	1,306,943
Transfers between funds	19	(9,351)	(40,184)	49,535	-	-
Net incoming resources / (resources expended) before revaluations		(73,825)	(458,166)	61,665	(470,326)	1,306,943
Actuarial gains on defined benefit pension scheme	14	-	33,000	-	33,000	20,000
Net movement in funds for the year		(73,825)	(425,166)	61,665	(437,326)	1,326,943
Total funds at 1 September 2013		6,918	(538,000)	1,858,025	1,326,943	-
Total funds at 31 August 2014		(66,907)	(963,166)	1,919,690	889,617	1,326,943

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 22 to 43 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 2014

	Note	£	2014 £	2013 £
Fixed assets				
Tangible assets	14		1,919,690	1,858,025
Current assets				
Debtors	16	96,530	381,952	
Cash at bank and in hand		258,994	172,754	
		<u>355,524</u>	<u>554,706</u>	
Creditors: amounts falling due within one year	17	<u>(446,140)</u>	<u>(547,788)</u>	
Net current (liabilities)/assets			<u>(90,616)</u>	<u>6,918</u>
Total assets less current liabilities			<u>1,829,074</u>	<u>1,864,943</u>
Creditors: amounts falling due after more than one year	18		<u>(421,457)</u>	<u>-</u>
Net assets excluding pension scheme liability			<u>1,407,617</u>	<u>1,864,943</u>
Defined benefit pension scheme liability	24		<u>(518,000)</u>	<u>(538,000)</u>
Net assets including pension scheme liability			<u><u>889,617</u></u>	<u><u>1,326,943</u></u>
Funds of the academy				
Restricted funds:				
Restricted funds	19	(445,166)	-	
Restricted fixed asset funds	19	1,919,690	1,858,025	
Restricted funds excluding pension liability		<u>1,474,524</u>	<u>1,858,025</u>	
Pension reserve		<u>(518,000)</u>	<u>(538,000)</u>	
Total restricted funds			<u>956,524</u>	<u>1,320,025</u>
Unrestricted funds	19		<u>(66,907)</u>	<u>6,918</u>
Total funds			<u><u>889,617</u></u>	<u><u>1,326,943</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 22 December 2014 and are signed on their behalf, by:

Ms K L Mackay
Trustee



The notes on pages 22 to 43 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 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	14		1,919,690		1,858,025
Investments	15		1		-
			<u>1,919,691</u>		<u>1,858,025</u>
Current assets					
Debtors	16	127,824		381,952	
Cash at bank and in hand		239,042		172,754	
		<u>366,866</u>		<u>554,706</u>	
Creditors: amounts falling due within one year	17	<u>(390,576)</u>		<u>(547,788)</u>	
Net current (liabilities)/assets			<u>(23,710)</u>		<u>6,918</u>
Total assets less current liabilities			<u>1,895,981</u>		<u>1,864,943</u>
Creditors: amounts falling due after more than one year	18		<u>(421,457)</u>		<u>-</u>
Net assets excluding pension scheme liability			<u>1,474,524</u>		<u>1,864,943</u>
Defined benefit pension scheme liability	24		<u>(518,000)</u>		<u>(538,000)</u>
Net assets including pension scheme liability			<u><u>956,524</u></u>		<u><u>1,326,943</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	19	(445,166)		-	
Restricted fixed asset funds	19	1,919,690		1,858,025	
		<u>1,474,524</u>		<u>1,858,025</u>	
Restricted funds excluding pension asset				<u>1,858,025</u>	
Pension reserve		<u>(518,000)</u>		<u>(538,000)</u>	
Total restricted funds			<u>956,524</u>		<u>1,320,025</u>
Unrestricted funds	19		-		6,918
Total funds			<u><u>956,524</u></u>		<u><u>1,326,943</u></u>

Erudition Schools Trust
(A company limited by guarantee)

Multi Academy Trust Balance Sheet (continued)
As at 31 August 2014

The financial statements were approved by the Trustees, and authorised for issue, on 22 December 2014 and are signed on their behalf, by:


Ms K L Mackay
Trustee

The notes on pages 22 to 43 form part of these financial statements.

Erudition Schools Trust
(A company limited by guarantee)

Consolidated Cash Flow Statement
For the year ended 31 August 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	21	135,638	243,963
Returns on investments and servicing of finance	22	137	105
Capital expenditure and financial investment	22	(49,535)	(71,314)
Increase in cash in the year		86,240	172,754

Reconciliation of Net Cash Flow to Movement in Net Funds
For the year ended 31 August 2014

	2014 £	2013 £
Increase in cash in the year	86,240	172,754
Movement in net funds in the year	86,240	172,754
Net funds at 1 September 2013	172,754	-
Net funds at 31 August 2014	258,994	172,754

The notes on pages 22 to 43 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

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.

1.2 Going concern

The group incurred a net operating deficit before revaluations of £470,326 during the year ended 31 August 2014 and, at that date, the group had net current liabilities of £23,710. These circumstances represents a material uncertainty that casts significant doubt upon the group's ability to continue as a going concern, and therefore the group may be unable to realise their net assets and discharge their liabilities in the normal course of business.

The directors have prepared forecasts which extend to August 2015 which show that the group should return to an operating surplus, which is expected to continue after this point. They have also obtained a letter of support from K12 Inc, the Multi Academy Trusts member and major creditor, confirming they will provide financial support, for a period of at least 12 months from the date of approval of the financial statements.

Nevertheless after making enquiries, and considering the uncertainties described above, the Trustees have a reasonable expectation that the group has adequate resources including the support of K12 Inc, to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustments that might arise if the going concern basis for the preparation of the financial statements was not appropriate.

1. Accounting Policies (continued)

1.3 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)

1.4 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.

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.

1.5 Basis of consolidation

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

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

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 £370,419 (2013 - £-378).

1.6 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.

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
Computer equipment	-	33.3% straight line

1. Accounting Policies (continued)

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

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

1.7 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.

1.8 Operating leases

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

1.9 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.

1.10 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 24, 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.

1.11 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.

1.12 Transfers between funds

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

2. Voluntary income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Voluntary income - transfer from Local Authority on conversion	-	-	-	971,390
School fund income	-	-	-	4,135
Voluntary income - transfer from North Walsall Primary School on conversion	-	-	-	2,742
Subtotal	-	-	-	6,877
Voluntary income	-	-	-	978,267

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

3. Activites for generating funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Catering income	-	25,673	25,673	14,179
Hire of facilities	1,263	-	1,263	1,443
Personalised Learning @ EST sales	12,580	-	12,580	-
	<u>13,843</u>	<u>25,673</u>	<u>39,516</u>	<u>15,622</u>
Net income from activites for generating funds	<u>13,843</u>	<u>25,673</u>	<u>39,516</u>	<u>15,622</u>

4. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest receivable	<u>137</u>	<u>-</u>	<u>137</u>	<u>105</u>

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

5. Funding for Academy's educational operations

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	1,063,327	1,063,327	717,244
Pupil premium	-	123,475	123,475	61,683
Infant grant income	-	9,759	9,759	-
Sports grant	-	8,825	8,825	-
Start up grants	-	122,943	122,943	185,000
Academies Maintenance Fund Grant	-	30,102	30,102	353,898
Devolved formula capital grant	-	6,402	6,402	6,374
	-	1,364,833	1,364,833	1,324,199
Other government grants				
SEN grants	-	47,670	47,670	56,360
Early years grants	-	-	-	51,834
	-	47,670	47,670	108,194
Other funding				
School fund income	11,057	-	11,057	7,415
	11,057	-	11,057	7,415
	11,057	1,412,503	1,423,560	1,439,808

6. Resources expended

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Direct costs	807,572	46,090	554,211	1,407,873	847,028
Support costs	234,171	70,144	183,173	487,488	230,348
Charitable activities	1,041,743	116,234	737,384	1,895,361	1,077,376
Governance	-	-	38,178	38,178	49,483
	1,041,743	116,234	775,562	1,933,539	1,126,859

Erudition Schools Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2014

7. Charitable activities

	Total funds 2014 £	Total funds 2013 £
Direct costs - educational operations		
Wages and salaries	595,971	436,133
National insurance	40,959	30,624
Pension cost	92,161	54,270
Depreciation	67,317	25,561
Pension income	22,000	16,000
Educational supplies	105,599	37,056
Supply staff	78,481	41,422
Staff development	12,971	3,489
Educational consultancy	276,549	168,794
Travel and subsistence	3,025	1,086
Other direct costs	80,738	12,248
Insurance	20,929	8,617
School fund expenditure	11,173	11,728
	1,407,873	847,028
Support costs - educational operations		
Wages and salaries	193,091	123,393
National insurance	8,671	3,798
Pension cost	32,409	14,948
Staff development	2,252	-
Technology costs	54,800	-
Travel and subsistence	8,056	-
Other direct costs	28,660	11,009
Maintenance of premises	90,297	34,935
Maintenance of equipment	6,374	2,656
Rates	4,326	2,644
Water rates	6,536	3,480
Energy	19,885	14,572
Insurance	1,669	-
Catering	29,942	18,913
Occupancy costs	520	-
	487,488	230,348
	1,895,361	1,077,376

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

8. Governance costs

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	5,250	5,250	5,250
Auditors' non audit remuneration	-	2,750	2,750	1,900
Legal and professional fees	3,189	26,604	29,793	42,096
Trustees' expenses reimbursed	-	385	385	237
	<u>3,189</u>	<u>34,989</u>	<u>38,178</u>	<u>49,483</u>

9. Net incoming / (outgoing) resources

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	67,317	25,561
Auditors' remuneration	5,250	5,250
Auditors' non audit remuneration	2,750	1,900
	<u>75,317</u>	<u>32,711</u>

10. Staff

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	789,062	559,526
Social security costs	49,630	34,422
Other pension costs (Note 24)	124,570	69,218
	<u>963,262</u>	<u>663,166</u>
Supply teacher costs	78,481	41,422
Other costs	-	3,489
	<u>1,041,743</u>	<u>708,077</u>

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

10. Staff (continued)

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	4	7
Administration	17	17
Management	7	6
	<u>28</u>	<u>30</u>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	<u>1</u>	<u>-</u>

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:

	2014 £
Charles Cuddy Walker Academy	<u>52,523</u>

Erudition Schools Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2014

12. Trustees' remuneration and expenses

Staff Trustees only receive remuneration (salary and pension) in respect of services they provide undertaking the roles of staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Multi Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	2014 £	2013 £
M Smith (Head Teacher, Charles Cuddy Walker Academy)	70,000-75,000	45,000-50,000

M Smith was appointed a trustee on 24 October 2012, his remuneration for the role of Head Teacher followed the conversion of to North Walsall Primary School to Charles Cuddy Walker Academy on 1 January 2013, the comparative figure relates to the period from conversion).

During the year ended 31 August 2013, expenses totalling £385 (2013 - £235) were reimbursed to 1 Trustees (2013 - 1).

13. Trustees' and officers' insurance

In accordance with normal commercial practice the Multi Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,700 (2013 - £290). The cost of this insurance is included in the total insurance cost.

Erudition Schools Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2014

14. Tangible fixed assets

Group and Multi academy trust	Leasehold land and buildings	Leasehold Improvements	Computer equipment	Assets under construction	Total
	£	£	£	£	£
Cost					
At 1 September 2013	1,452,000	-	68,995	362,591	1,883,586
Additions	24,493	45,037	59,452	-	128,982
Transfer between classes	362,591	-	-	(362,591)	-
At 31 August 2014	1,839,084	45,037	128,447	-	2,012,568
Depreciation					
At 1 September 2013	18,328	-	7,233	-	25,561
Charge for the year	42,975	419	23,923	-	67,317
At 31 August 2014	61,303	419	31,156	-	92,878
Net book value					
At 31 August 2014	1,777,781	44,618	97,291	-	1,919,690
At 31 August 2013	1,433,672	-	61,762	362,591	1,858,025

15. Fixed asset investments

	Shares in group undertakings
Multi academy trust	
Market value	
At 1 September 2013	-
Additions	1
At 31 August 2014	1
Multi academy trust investments at market value comprise:	
Group	1

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

16. Debtors

	<u>Group</u>		<u>Multi academy trust</u>	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	144	-	-	-
Amounts owed by group undertakings	-	-	31,439	-
Other debtors	9,973	143,675	9,973	143,675
Prepayments and accrued income	86,413	238,277	86,412	238,277
	<u>96,530</u>	<u>381,952</u>	<u>127,824</u>	<u>381,952</u>

17. Creditors:
Amounts falling due within one year

	<u>Group</u>		<u>Multi academy trust</u>	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	258,751	431,529	258,751	431,529
Other taxation and social security	25,439	15,363	15,606	15,363
Other creditors	17,501	13,835	13,635	13,835
Accruals and deferred income	144,449	87,061	102,584	87,061
	<u>446,140</u>	<u>547,788</u>	<u>390,576</u>	<u>547,788</u>

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

	<u>Group</u>		<u>Multi academy trust</u>	
	2014	2013	2014	2013
	£	£	£	£
Accruals and deferred income	421,457	-	421,457	-
	<u>421,457</u>	<u>-</u>	<u>421,457</u>	<u>-</u>

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

19. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	6,918	25,037	(89,511)	(9,351)	-	(66,907)
Restricted funds						
General Annual Grant (GAG)	-	1,063,327	(1,468,309)	(40,184)	-	(445,166)
Other DfE/EFA grants	-	222,059	(222,059)	-	-	-
Other government grants	-	47,670	(47,670)	-	-	-
Other restricted income	-	25,673	(25,673)	-	-	-
Pension reserve	(538,000)	-	(13,000)	-	33,000	(518,000)
	(538,000)	1,358,729	(1,776,711)	(40,184)	33,000	(963,166)
Restricted fixed asset funds						
DfE/EFA Capital grants	1,858,025	79,447	(67,317)	49,535	-	1,919,690
Total restricted funds	1,320,025	1,438,176	(1,844,028)	9,351	33,000	956,524
Total of funds	1,326,943	1,463,213	(1,933,539)	-	33,000	889,617

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 2014.

19. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
The Charles Caddy Walker Academy	8,787
Erudition Schools Trust	(453,953)
Trading subsidiary - Personalised Learning @ EST Limited	(66,907)
	<hr/>
Total before fixed asset fund and pension reserve	(512,073)
Restricted fixed asset fund	1,919,690
Pension reserve	(518,000)
	<hr/>
Total	889,617
	<hr/>

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

Name of academy	Amount of deficit £
The Charles Caddy Walker Academy	(72,223)
Erudition Schools Trust - Central services	(372,943)
Trading subsidiary - Personalised Learning @ EST Limited	(66,907)

Erudition Schools Trust – Central Services

The Central Services deficit has been incurred primarily in the ongoing development of the Trust and the winning of new schools to join the Trust. The first joined on the 1st September 2014, with another scheduled for 1st March 2015.

Trading subsidiary – Personalised Learning @ EST Limited

The Trading Subsidiary, Personalised Learning @ EST was set up in 2014 creating a deficit due to start up and development costs incurred. The business is already starting to develop in the first quarter of 2014-15.

The Multi Academy Trust is taking the following action to return the academies to surplus:

There will be the addition of at least two more academies to the Trust during 2014-15 with no further additions to central costs.

Personalised Learning @ EST Limited (a trading subsidiary) was set up in 2014 with the potential to generate significant income for the Trust.

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

19. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
The Charles Caddy Walker Academy	750,255	171,069	147,135	518,732	1,587,191

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	6,918	25,037	(89,511)	(9,351)	-	(66,907)
Restricted funds	(538,000)	1,358,729	(1,776,711)	(40,184)	33,000	(963,166)
Restricted fixed asset funds	1,858,025	79,447	(67,317)	49,535	-	1,919,690
	<u>1,326,943</u>	<u>1,463,213</u>	<u>(1,933,539)</u>	<u>-</u>	<u>33,000</u>	<u>889,617</u>

20. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	1,919,690	1,919,690	-
Current assets	20,095	335,428	-	355,523	-
Creditors due within one year	(87,002)	(359,137)	-	(446,139)	-
Creditors due in more than one year	-	(421,457)	-	(421,457)	-
Provisions for liabilities and charges	-	(518,000)	-	(518,000)	-
	<u>(66,907)</u>	<u>(963,166)</u>	<u>1,919,690</u>	<u>889,617</u>	<u>1,326,943</u>

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

21. Net cash flow from operations

	2014 £	2013 £
Net incoming resources before revaluations	(470,326)	1,306,943
Returns on investments and servicing of finance	(137)	(105)
Non cash gift from the Local Authority	-	(907,000)
Depreciation of tangible fixed assets	67,317	25,561
Capital grants from DfE	(79,447)	(360,272)
Decrease/(increase) in debtors	285,422	(381,952)
Increase in creditors	319,809	547,788
FRS 17 adjustments	13,000	13,000
Net cash inflow from operations	135,638	243,963

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	137	105
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(128,982)	(431,586)
Capital grants from DfE	79,447	360,272
Net cash outflow capital expenditure	(49,535)	(71,314)

23. Analysis of changes in net funds

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	172,754	86,240	-	258,994
Net funds	172,754	86,240	-	258,994

24. 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 2014.

Contributions amounting to £13,304 were payable to the scheme at 31 August 2014 (2013 - £13,835) and are included within creditors.

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.

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

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative

24. Pension commitments (continued)

bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The group is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the group has taken advantage of the exemption in FRS 17 and 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 2014 was £76000, of which employer's contributions totalled £61000 and employees' contributions totalled £15000. 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:

	2014 £	2013 £
Present value of funded obligations	(779,000)	(698,000)
Fair value of scheme assets	261,000	160,000
Net liability	<u>(518,000)</u>	<u>(538,000)</u>

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

24. Pension commitments (continued)

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

	2014 £	2013 £
Interest on obligation	(34,000)	(21,000)
Expected return on scheme assets	12,000	5,000
Current service cost	(52,000)	(32,000)
Total	<u>(74,000)</u>	<u>(48,000)</u>

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

	2014 £	2013 £
Opening defined benefit obligation	698,000	-
Interest cost	34,000	21,000
Contributions by scheme participants	15,000	10,000
Current service costs	52,000	32,000
Liabilities assumed in a business combination	-	650,000
Actuarial gains on liabilities	(20,000)	(15,000)
Closing defined benefit obligation	<u>779,000</u>	<u>698,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	160,000	-
Expected return on assets	12,000	5,000
Employer contributions	61,000	35,000
Contributions by employees	15,000	10,000
Assets acquired in a business combination	-	105,000
Actuarial gains	13,000	5,000
	<u>261,000</u>	<u>160,000</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £53000 (2013 - £20000).

The group expects to contribute £62000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	45.00 %	42.40 %
Bonds	18.20 %	19.60 %
Property	8.70 %	8.70 %
Cash/liquidity	4.40 %	4.10 %
Other	23.70 %	25.20 %

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

24. Pension commitments (continued)

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.60 %
Expected return on scheme assets at 31 August	5.88 %	5.89 %
Rate of increase in salaries	3.95 %	4.15 %
Rate of increase for pensions in payment / inflation	2.20 %	2.40 %
Inflation assumption (CPI)	2.20 %	2.40 %

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

	2014	2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(779,000)	(698,000)
Scheme assets	261,000	160,000
Deficit	<u>(518,000)</u>	<u>(538,000)</u>

25. 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, in which J Konantz, a trustee, has a majority interest. Transactions totalling £367,751 (2013 - £267,317) 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 2013 amounts due to K12 Education (UK) Limited totalled £680,084 (2013 - £227,342).

Erudition Schools Trust
(A company limited by guarantee)
Notes to the Financial Statements
For the year ended 31 August 2014

26. Principal subsidiaries

Company name	Percentage Shareholding	Description
Personalised Learning @ EST Limited	100	Education services