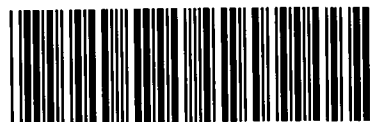


**Carillion Academies Trust**  
(a company limited by guarantee and not  
having a share capital)

**Annual Report and Financial Statements**  
Company number 09323071  
31 August 2016

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## Reference and Administrative Details

Members	Robert Holt (appointed 21 November 2014)
	Anne Ramsay (appointed 21 November 2014)
	Carillion AMBS (appointed 21 November 2014)

Trustees	Robert Holt
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Company Secretary	Anne Ramsay (appointed 25 February 2015)
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### Senior Management Team:

Chief Executive	Karen Burns
Finance and Resources Director	Andrew Hayday
Trust Development Manager	Nicky Wise

Company Name	Carillion Academies Trust
Principal and Registered Office	Carillion House Salop Street Wolverhampton WV3 0SR
Company Registration Number	09323071 (England and Wales)
Independent Auditor	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
Bankers	NatWest Bank Nottingham Smith St Branch 16 South Parade Nottingham NG1 2JX

The Trustees, who act as directors for the purposes of company law, present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016.

The financial statements have been prepared in accordance with:

- the accounting policies on pages 29 to 32 of this document;
- the Funding Agreement with the Secretary of State for Education and Skills;
- the charitable company's Memorandum and Articles of Association;
- the Companies Act 2006;
- the requirements of the Statements of Recommended Practice 'Accounting and Reporting by Charities' ('SORP 2015'); and
- the Academies Accounts Direction 2015 to 2016.

## **Report of the Trustees**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates two Academies for pupils aged 3 to 11 serving two catchment areas in Tameside. Inspire Academy (which opened in September 2015) has a pupil capacity of 420 and 52 FTE nursery and had a roll of 16 in Nursery, 55 in Reception and 58 in Year 1 in the school census on 6th October 2016. Discovery Academy (which opened in September 2016) has a pupil capacity of 420 and 52 FTE nursery and had a roll of 7 in Nursery and 18 in Reception in the school census on 6th October 2016.

## **Structure, Governance and Management**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Carillion Academies Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Carillion Academies Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

### **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.

### **Directors' Indemnities**

The Articles of Association provide that every Trustee or other officer or governor or auditor of the Trust may be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of Trust in relation to the affairs of the Trust.

### **Principal Activities**

The company was incorporated on 21 November 2014. The Trust's objective is to combine educational expertise with business and commercial understanding, supporting Academy staff to focus on core teaching and learning and less so on administration and estates management. The Trust will support children and young people to achieve educational success, offering direct access to the world of employment in order to inspire and motivate them to excel and strive for the highest goals in life.

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

The Trustees are appointed by the members and are selected to ensure a broad range of skills and expertise. In the early stages, the Trust has kept the number of Directors small to expedite establishment.

To support the Board an Advisory Group to the Board was established including members with expertise as Directors of Boards and/or in key disciplines such as HR and previous experience in education (such as acting as a school governor).

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

Following appointment new Trustees undertake an induction programme to familiarise themselves with the Trust and their responsibilities as Trustees. Trustees receive training as appropriate to their roles and responsibilities. In addition to support their work all Trustees are provided with Gold membership of the National Governors Association.

## **Report of the Trustees *(continued)***

### **Organisational Structure**

Carillion Academies Trust is a company limited by guarantee and registered at Companies House under registration number 09323071.

The Trust has set out its structure and decision making processes in the Trust Approach to Governance, which includes terms of reference for the Trust level Boards and the Local Governing Body level committees and a full scheme of delegation. The Trustees have agreed to keep the governance structure under review and may adapt it in line with the Trust development.

On 1<sup>st</sup> February 2016 Karen Burns, Executive Principal took over the role of Chief Executive of the Trust alongside the Executive Principal role. This included taking the role of Chief Accounting Officer for the Trust.

#### **First Year of Operation of Inspire Academy:**

The Trust Board acted as the Shadow Local Governing Body for Inspire Academy until September 2015. The Shadow Local Governing Body were supported by the core team of:

- Chief Executive;
- Executive Principal;
- Finance and Resources Director;
- Trust Development Manager; and
- Administrator.

Initially the responsibilities of Boards not yet constituted remains with the main Trust Board. The Chief Executive of the Trust is the Accounting Officer. The Board has agreed a separate scheme of delegation explaining the financial approvals levels across the Trust.

The first Inspire Academy Local Governing Body meeting took place in September 2015 with a full constitution of nine Governors as follows:

The Chair of Governors, appointed by the Trust;

- A Trust governor;
- The Principal / Head teacher;
- Two parent governors;
- Two staff governors; and
- Two community governors.

The Local Governing Body was supported by the Finance and Resources Committee and a Staff and Pupil Well Being Committee, along with a Pay Review and Appeals Committees.

#### **Operation of Discovery Academy:**

From April 2016 a small group of governors acted as the Shadow Local Governing Body for Discovery Academy as follows:

- The Chair of Governors, appointed by the Trust;
- A Trust governor;
- The Principal / Head teacher; and
- Two community governors.

The day to day running of the Academy is delegated to a core team.

## **Report of the Trustees *(continued)***

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

Trustees are not paid by the Trust.

The Chief Executive of the Trust is paid in line with the Joint Advice on School Teachers Pay (STPCD). The Chief Executive's pay is subject to an annual performance management review by a Trustee from the sponsor.

Schools teachers working for the Trust are paid in line with the Joint Advice on School Teachers Pay (STPCD) – agreed with NUT, ATL, NAHT, ASCL, UCAC and Voice. Teaching support staff and administrative support are paid in line with NJC pay and conditions.

The Chief Executive carries out performance reviews on senior staff at the Academies on an annual basis and members of the senior leadership team manage the process with teaching and support staff. Performance management of the administrative staff is carried out by the Trust Core team.

Pay Review committees are held at each Academy to agree pay levels for staff on an annual basis.

### **Related Parties and other Connected Charities and Organisations**

As a major employer and player in the fields of services and construction, Carillion has a vested interest in contributing to the improvement of the life chances of children and young people by improving the school education they receive and their wider experiences. Carillion Academies Trust is our Trust company. Carillion have formed the Trust to strengthen the direct link between business and education and they wish to respond positively to and support the government strategy to develop the state sector of education.

The founding sponsors of Carillion Academies Trust share a vision for education that builds pathways for individuals, focusing on personal progress, academic progress and progress to employment. The focus on these three areas, at an individual level, will enable us not only to remove barriers to achievement, but to inspire individuals by setting their learning in the context of their future aspirations.

Carillion recognises the challenges that we all face in developing and maintaining a vibrant economy and system of social fairness and responsibility in an ever changing and fiercely competitive global society. We know that success in such an environment demands that our young people are prepared and that education and learning underpins this preparation. Maintaining our economy of highly skilled creative industries and commercial concerns requires a supply of well educated, flexible, creative, inspired and motivated people. However, successful individuals on their own are not enough, we need also to support the creation of thriving communities. It is for this purpose that Carillion has established the Trust.

## **Objectives and Activities**

### **Objects and Aims**

Carillion Academies has the following objectives and aims:

- a to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education Academies are situated 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, unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and

## **Report of the Trustees** *(continued)*

### **Objects and Aims** *(continued)*

- b To promote for the benefit of the inhabitants of the areas in which the Academies are situated 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.

We aim to extend opportunity for young people and their communities by raising standards, providing the environmental and cultural conditions for students, teachers and educational leaders to set their aspirations high and realise their goals.

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

The guiding principles to achieve the Trust's mission are:

#### **Support**

- Provide the best education for every student;
- Develop the best teaching staff; and
- Work with the family parent or carers.

#### **Inspire**

- Raise the aspirations of every student;
- Raise the ambitions of staff; and
- Work with communities to realise what is possible.

#### **Motivate**

- Provide real life links to learning;
- Engage staff in leading edge practice; and
- Provide the best learning environment and supporting technology.

#### **Achieve**

- Enable young people to realise opportunity;
- Lead the way in education provision; and
- Be an integrated community.

### **Our Strategic Objectives**

In meeting the Trust's vision the objectives are clear. We aim to:

- Support all children at primary age, regardless of entry level, to achieve at least national expectations;
- Support all secondary students to achieve qualifications of at least five good GCSEs and/or equivalent industry recognised, vocational qualification;
- Achieve above national average GCSE performance in 5A\*-C grades including English and Mathematics;
- Ensure all Primary Schools exceed the floor targets;
- Support all of our Academies to achieve an OFSTED grading of Outstanding;

## **Report of the Trustees** *(continued)*

### **Our Strategic Objectives** *(continued)*

- Transform student learning and opportunity through the acquisition of skills and qualifications which enhance their entry into employment; and
- Establish a Trust of an appropriate size to make it financially sustainable and to have the capacity to maintain a highly effective, collaborative Trust

### **Achieving Our Vision - The Trust Overall Strategy for Working with Academies:**

#### **Our Strategic Approach**

Our strategic approach looks at the development of the Academies as organisations, individual children and young people, the educational community and the Trust as follows:

When joining the Trust, the needs of all new Academies will be audited and assessed in areas including: standards, curriculum, leadership and management, ICT, the learning environment and overall facilities including building condition (Detailed in the Carillion Academies Trust Standards). This audit will result in a bespoke Academy improvement plan mapping the route to outstanding in these areas. Having achieved that status they will be offered opportunities to explore best and next practice and support the development of other Academies in the Trust.

We are focused on successful outcomes for young people and recognise that this will result from appropriate progression; academically, personally and through good progression routes through to employment. We recognise the need to more closely link education and business. Carillion's representation on the sector skills councils and existing role in apprenticeships and training will be leveraged to provide more direct and relevant links to industry, for our Academies, supporting appropriate progression routes.

The investment in leadership at every level from the classroom through to the Trust will ensure quality teaching and learning, leading to the best opportunities. This is a core part of what we believe will enable the Trust's Academies to achieve excellence. We will develop specific leadership programmes that, in schools required to improve, will focus on leadership. However, as the Trust grows, in good and outstanding schools the focus will widen to include school to school support and leadership across the Trust. Building capacity in our learners and developing in them the skills for effective learning will enable them to be able to learn when, where and what they need, using their own capability, skills and appropriate tools.

As the Trust grows Academies will work together in a 'Leading Edge Partnership'. This will create a national profile and enable the Trust to participate in test bed developments, particularly in the application of new and emerging learning technologies. The undertaking of action research projects and the sharing of practice will be a common feature of this activity. These Academies will drive research programmes funded through the Trust and linked with respected research institutions.

We recognise the importance of our Academies being active members of the local family of schools in their area. Our Academies will be supported to link with the communities in which they are located but with a global perspective. This will ensure that young people benefit from an aspirational learning community. Working in this way we will not only 'Inspire Minds' but inspire whole communities. We will create an ethos and culture around learning which will foster a sense of natural progression. We will build personal pathways for learning that reflect their talents, ability, aspiration and interests which will include academic strands as well as the strands which lead to industry, commerce, FE, HE, and employment.

#### **Our Objectives for the Second Year of Operation were to:**

- Develop the Trust with robust governance, policies and operating procedures;
- Ensure the delivery of the new build primary school in Hattersley;
- Recruit excellent staff to Discovery Academy;
- Recruit excellent teaching staff to Inspire Academy to support the new intake of pupils;
- Develop a strong Local Governing Body at Inspire Academy;



## **Report of the Trustees** *(continued)*

### **Our Strategic Approach** *(continued)*

- Establish a strong Local Governing Body at Discovery Academy;
- Ensure the retention of pupils at Inspire Academy;
- Attract new pupils to Nursery and Reception at Inspire Academy;
- Attract new pupils to Nursery and Reception at Discovery Academy;
- Develop the stimulating learning environment and a curriculum which is robust and appropriate to the circumstances of the Inspire Academy Community;
- Develop a stimulating learning environment and a curriculum which is robust and appropriate to the circumstances of the Discovery Academy Community; and
- Understand the community that the new Discovery Academy will serve and begin to establish a reputation for the Academy in the Community.

### **Our Approach to Achieving our Year 2 Objectives:**

- Development of governance and operating procedures created by the Trust Core Team and then reviewed by Carillion corporate teams and independent subject area specialist;
- Development of a Trust team People Plan to ensure all areas of knowledge and expertise are appropriately covered and kept up to date or that where required training programmes are put in place;
- Trust Estates lead, a trained architect, working alongside Tameside MBC and the Construction team to ensure an excellent learning environment delivered on time;
- Thorough recruitment processes developed with HR and industry experts in order to attract and recruit the highest quality staff;
- Establishment of a Local Governing Body with a range of experience and expertise, clear committee structures, terms of reference and schemes of delegation; and
- Strong marketing programme backed up by individual family procedure progressed.

### **Public Benefit**

In setting the Carillion Academies Trust objectives and planning its activities, the directors have given careful consideration to and have complied with the Charities Act 2011 and the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

## **Strategic Report**

### **Achievements and Performance**

The achievements for 2015 / 2016 are summarised as follows:

#### **Carillion Academies Trust**

- Carillion Academies Trust has been established as a charitable Trust with a Board of Directors and Advisory Group which continue to meet regularly.
- Good relationships continue and are being developed with the DfE, the EFA and with the Regional Schools Commissioners (RSC's).
- Strong operating governance, HR and Finance policies and procedures are being followed.
- Marketing materials are well developed and being updated to reflect developments in the Trust.
- Our two Academies are open, fully staffed, and with pupils in all classes.
- Other opportunities are being discussed with the RSC's and local schools where appropriate to develop the Trust.

## **Report of the Trustees** *(continued)*

- A comprehensive operational SharePoint portal, MIS system and Finance system are in place and being used with new staff inducted where appropriate.
- We have developed a highly knowledgeable core team skilled in governance, finance, HR and education

### **Inspire Academy**

- We opened with a cohort of 10 pupils in Nursery and 57 in Reception. By the end of the 2015 / 2016 academic year we had 18 pupils in Nursery and 59 pupils in Reception.
- We have an anticipated intake of 15 pupils in Nursery and 55 pupils in Reception for September 2016.
- The number of Reception pupils who attained a Good Level of Development (GLD) was 41 out of 58 - 71%. This demonstrated better than expected progress for the pupils who started at the Academy in September 2015.
- The curriculum for Nursery, Reception and Year 1 for 2016 / 2017 academic year has been developed.
- The Executive Principal, Deputy Principal and Teaching staff, Teaching Assistants and Admin staff started in September 2015 and were joined by additional Teaching Assistant and Midday Assistant staff during the course of the year.
- Teaching staff, Teaching Assistants and additional Administration staff have been appointed to start in September 2016 to support the continued development of the Academy.
- Payroll, pension and HR processes have all been in place during the academic year.
- The EFA carried out a successful Financial Management and Governance visit to the Academy.
- Marketing activities have taken place during the course of the year to promote the Academy, including open evenings and visits for prospective pupils.
- There is a waiting list of pupils to join Nursery for September 2017.
- The Academy has also hosted the Tameside Music Service and Cromwell Secondary School during the course of the academic year.
- The Academy has hosted meetings and training courses for Tameside MBC and the Trust.

### **Discovery Academy**

- We have completed a successful Readiness for Opening meeting with the DfE and Pre opening inspection by OFSTED.
- The curriculum for Nursery and Reception for 2016 / 2017 academic year has been developed.
- The Associate Principal, two excellent Teachers, two Teaching Assistants and Administration staff have been appointed.
- Payroll, pension and HR procedures are all in place for the staff.
- The profile of the Academy has been raised through the link with Inspire Academy, leaflets and posters to the local community and local GP's and Nurseries.
- The Academy prospectus and a range of Newsletters and drop in sessions have kept new parents informed of progress.
- The Academy has an intake of 6 Nursery pupils and 18 Reception pupils to start in September 2016.
- There is a waiting list of pupils to join Nursery for the September 2017 intake.

## **Report of the Trustees** *(continued)*

### **Key Performance Indicators**

The first Trust Academy opened in September 2015 with Nursery and Reception pupils only. At this stage therefore the only data available is the **number of pupils who attained a Good Level of Development (GLD), which was 41 out of 58 which is 71%.**

The Academy uses Capita SIMS and PsFinancials as the standards MIS and Financial systems. This will enable a central review and collection of data.

### **Going Concern**

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

### **Financial Review**

The majority of the Trust's income this financial year has been received from the EFA and Tameside Metropolitan Borough Council, all of which are non-recurrent grants. All income is detailed within the financial statements.

No additional loan funding has been drawn from Carillion Services Limited this year. Agreement has been given to draw up to £450,000 of financial support, all of which is to be repaid during the first 7 years of the Trust's lifetime. £100,000 was drawn in 2014-15, leaving a potential interest free loan facility of £350,000.

There were four main sources of income across the Trust and its Academies during the year; £395,000 from Tameside Metropolitan Borough Council in the form of early years funding, rental income and pre-opening costs, £360,000 from the EFA in the form of General Annual Grants, rates rebate, pupil premium, Trust expansion grant, £10,000 for long term sickness insurance policy and £7,000 from donations and voluntary income.

A further sum of £96,000 has been received from Tameside MBC in the form of startup grant for Inspire Academy. This was to fund the recruitment costs and early employment of the Executive Principal and Deputy Principal in April 2015. The remaining funding was to support the procurement of classroom equipment and help promote the new Academy to prospective parents.

During the period ended 31 August 2016 expenditure amounting to £936,827 was incurred or accrued. This was offset by grants receivable from the EFA and TMBC. The Trust achieved an overall net movement in funds of £6,269,148 largely due to the restricted fixed asset funds of £6,227,306.

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

Cash flow statements are reported to the Trust Board and Finance and Business Advisory Group as part of the quarterly management accounts.

Employees are able to belong to one of two defined benefit pension schemes – the Teachers' Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). The assets of the LGPS are held in separate Trustee administered funds (Greater Manchester Pension Fund). The Trust's share of the assets and liabilities of the LGPS as at 31 August 2015 was £zero as no employees were part of this fund. As at 31 August 2016 it was £10,000.

### **Reserves Policy**

The Trust held a fund balance of £6,316,110 comprising £62,600 restricted non fixed asset funds, £26,204 unrestricted reserves and £6,227,306 restricted fixed asset funds.

All restricted general funds come via grants received from the DfE/EFA and the Local Authority. The unrestricted funds incorporate other income including interest receivable on the bank deposit account, sponsor grants, uniform receipts, trips, lettings, breakfast club takings and other facility income. The Trustees would like to build up a prudent level of reserves over a period of time in accordance with the Investment and Reserves Policy which is reviewed annually.

The target level of reserves is considered as part of the review of the Investment and Reserves Policy, which is set at £250,000.

## **Report of the Trustees** *(continued)*

### **Investment Policy**

The Board of Trustees has approved an Investment and Reserves Policy in relation to the investment of surplus funds and this is reviewed on an annual basis.

The aim of this policy is to ensure that funds, which the Trust and its Academies does not immediately need to cover anticipated expenditure, are invested in such a way as to maximise income but without risk.

The purpose of the Investment and Reserves Policy is to:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds
- To ensure value for money
- To exercise care and skill in investment decisions, taking advice as appropriate from a professional advisor
- To ensure that security takes precedence over revenue maximisation
- Ensure that all investment decisions are in the best interest of the Trust and command broad public support.

Regular cash flow reports are prepared and monitored to ensure there are adequate funds to meet all payroll related commitments and outstanding creditors that are due for payment.

Currently, surplus funds are invested with the existing bankers RBS. It is intended that when balances are large enough then a high interest deposit account is opened for surplus balance investments. The aim is to reach an appropriate level of reserve to allow the management and Finance & Business Board to explore alternative investment possibilities

### **Principal Risks and Uncertainties**

#### **Risk Management:**

The Trust's approach to risk management is reviewed annually by the Trustees.

The Trust has a system of internal control which incorporates risk management, together with a number of elements designed to create an effective and efficient operating environment, enabling the Trust to respond to operational, financial, commercial and educational risks. These elements include:

- Policies and procedures; attached to significant risks are a series of policies and procedures that underpin the control process. The policies are set by the Trustees and implemented across the Trust;
- Strategic planning and budgeting; the strategic planning and budgeting process is used to set objectives, agree action plans and allocate resources. Progress with such plans is monitored regularly by the Trust board and the Local Governing Body; and
- Risk Management Plan; detailed risk management plans form part of the risk register at a Trust and Academy 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 eliminate all risk. It is based on an ongoing process designed to identify and prioritise the risks to achievement of the Trusts aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they be realised. It enables the Trust to manage them efficiently, effectively and economically.

## Report of the Trustees *(continued)*

### Capacity to Handle Risk:

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is an effective, formal process for identifying and managing the Trusts risks and that this has been in place for the period up to the date of approval of the annual report and financial statements.

### Risk Control Framework:

The Trust 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 Trustees;
- Regular reviews of the Academy Finance Committee reports, which indicate financial performance against forecasts and major purchase plans and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

A specific process has been commissioned and externally developed to support the internal audit process within the Trust.

### Review of Effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control and reporting to the Trustees.

### Identified Risks:

Carillion Academies Trust faces a broad spectrum of risk and uncertainties within its operating environment. The key risks are summarised below:

- Outcomes for Children: Children not making progress in line with or above expectations. This is mitigated through effective, regular monitoring of pupil progress data and appropriate interventions where progress is not rapid enough.
- Funding Uncertainties: Resulting from the funding of pre-opening and diseconomies funding by the Local Authority. This is mitigated through ongoing discussions with TMBC and the Department for Education and modelling of various funding scenarios.
- Physical and Infrastructure Risks: Relating to the environment and estates of the Academy Trust. This is mitigated through the completion of appropriate risk assessment, regular health and safety reviews, and appropriate insurance arrangements.
- Staffing: the risk of losing key staff, gradually or through illness. This is mitigated through Academy cover policies and business continuity plans.

## **Report of the Trustees** *(continued)*

The Academies Trust is pro-active in identifying and managing risk and uncertainty in order to mitigate any potential impact. Trust and Academy risk registers are regularly maintained and reviewed.

The Trustees have reviewed and refined the following policies and procedures during the year to August 2016:

- Ethics and Integrity Policy
- Registration of Business & Pecuniary Interests
- Whistle Blowing
- Business Continuity Plan
- Risk Registers
- Standard Risk Assessments

The Finance and Business Board is established and this takes responsibility for audit and risk in the next period.

### **Plans for Future Periods**

The Trust's Objectives for the Third Year of Operation:

- Recruit excellent staff to increase the staff at Inspire and Discovery Academy to support the continued development of the Academies.
- Develop strong Local Governing Bodies for Inspire and Discovery Academies.
- Attract appropriate levels of new pupils to Inspire and Discovery Academies.
- Develop stimulating learning environments and a curriculum which is robust and appropriate to the circumstances of the two Academy communities.
- Ensure good level of progress for all Academy pupils.
- Understand the communities that the new Academies will service and continue to develop the reputation of the Trust in those communities.
- Develop the Trust further by attracting schools to sponsor to create hubs of Academies. This will include approaching good / outstanding schools to increase the capacity of the Trust to offer school improvement and therefore the Trusts ability to sponsor low performing schools.

Our Approach to Achieving Year 3 Objectives:

- Continue careful monitoring of pupil progress by both Local Governing Bodies and the Trust, supporting staff at the Academies with intervention if required.
- Thorough recruitment processes developed with HR and industry experts in order to attract and recruit the highest quality staff.
- Establishment of a Local Governing Body with a range of experience and expertise, clear committee structures, terms of reference and schemes of delegation.
- Strong marketing programme backed up by individual family home visits as the admissions procedure progressed.
- Investigate local schools around our existing Academies and approach schools where these are good or outstanding. Work with external agencies to promote the Trust and establish links with schools who might be interested in sponsorship.

## Report of the Trustees *(continued)*

### Auditor

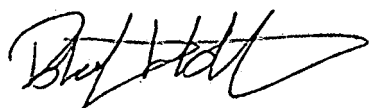
Insofar as the Trustees are aware:

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

KPMG were appointed in 2014/2015 as the external auditors to the Trust. Pursuant to section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Trustees' report, incorporating a strategic report, was approved by order of the Trustees, as the company directors, on 6th February 2017 and signed on the board's behalf by:

Signed



**Robert Holt**  
*Chair of Trustees*

Carillion House  
84 Salop Street  
Wolverhampton  
United Kingdom  
WV3 0SR

## Governance Statement

### Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive 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 Carillion Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 6 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:
Robert Holt	6	6
Anne Ramsay	6	6
<b>Advisory Group:</b>		
Robert Holt	3	5
Anne Ramsay	1	5
Brian Duckworth	5	5
Lisa Mortleman	4	5
Tony Smith	4	5
Anne Toms	4	5

The Board of Trustees consider that their main challenges during the period to 31<sup>st</sup> August 2016 have included:

- Uncertainty around funding levels: this has particularly focused around agreeing pre and post opening costs for targeted basic need schools.
- Uncertainty around pupil numbers for brand new targeted basic need schools.

These challenges have been managed through careful financial modelling and maintaining constant dialogue with Tameside MBC and the Department for Education.

### Governance reviews:

The Trust managed one Targeted Basic Needs School during the period 1 September 2015 to 31 August 2016 with pupils in Nursery and two classes in Reception. A constant review of governance has taken place during the course of the year considering the impact and the effectiveness of the LGB and the Trust Board.

The Trust intends to carry out a review of Governance in the period 1 September 2016 to 31 August 2017 utilising the National College for Teaching and Leadership External review of Governance Tool for Facilitated Self Review.



## **Governance Statement** *(continued)*

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Carillion Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2015 to 31 August 2016 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

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

The Trust Board has considered the need for a specific internal audit function and has decided the following. For the first year of the operation of Inspire Academy the EFA's Financial Management and Governance Statement review carried out in March 2016 will provide an external review. KPMG provide an annual audit to the Trustees of the finances for the Trust and our Academies. In addition to this in the 2016/2017 academic year Carillion Internal Audit function will carry out a review for the Trustees.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

## **Governance Statement** *(continued)*

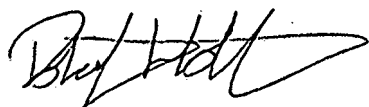
### **Review of Effectiveness**

As accounting officer the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period to 31 August 2016 the review was informed by:

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

Approved by order of the members of the Board of Trustees on 6<sup>th</sup> February 2017 and signed on its behalf by:

Signed



**Robert Holt**  
Chair of Trustees

Signed



**Karen Burns**  
Accounting officer

## Statement on Regularity, Propriety and Compliance

As Accounting Officer of Carillion Academies Trust I have considered my responsibility to notify the 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 Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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.

Signed

A handwritten signature in black ink, appearing to read 'K. Burns'.

**Karen Burns**  
*Accounting Officer*

6<sup>th</sup> February 2017

## **Statement of Trustees' Responsibilities in respect of the Trustees' Report and Financial Statements**

The Trustees (who act as governors of Carillion Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- 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 company will continue in business

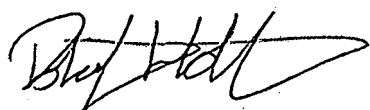
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 6th February 2017 and signed on its behalf by:

Signed



**Robert Holt**  
Chair



## KPMG LLP

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

### **Independent Auditor's Report to the members of Carillion Academies Trust**

We have audited the financial statements of Carillion Academies Trust for the year ended 31 August 2016 set out on pages 25 to 44. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Directors and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

## **Independent Auditor's Report to the members of Carillion Academies Trust** *(continued)*

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

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' 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 charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.



**Mick Thompson, (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside House  
Newcastle upon Tyne  
NE1 3DX

7 February 2017



**KPMG LLP**

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

## **Independent Reporting Accountant's Assurance Report on Regularity to Carillion Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 27 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 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 Carillion Academies Trust (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy 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 the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 26 March 2015 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 period 1 September 2015 to 31 August 2016 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 2015 to 2016 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.

## **Independent Reporting Accountant's Assurance Report on Regularity to Carillion Academies Trust and the Education Funding Agency (*continued*)**

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Managing Director on behalf of the Board of Trustees;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the not for profit principles set out in the relevant provisions of the Academies Financial Handbook 2015;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

### **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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Mick Thompson, (Reporting Accountant)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside House  
Newcastle upon Tyne  
NE1 3DX

7 February 2017



**Statement of Financial Activities**  
(including Income and Expenditure account)  
for the year ended 31 August 2016

	Note	Unrestricted funds	Restricted non fixed asset funds	Restricted fixed asset funds	Total 2016	Total 2015
		£	£	£	£	£
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	3	126,790	-	6,267,269	6,394,059	-
Investment income	4	-	-	-	-	44
Other trading activities	5	107,277	-	-	107,277	-
Incoming resources from charitable activities:						
Funding for the Academy's educational activities	6	-	711,639	-	711,639	196,920
<b>Total</b>		<b>234,067</b>	<b>711,639</b>	<b>6,267,269</b>	<b>7,212,975</b>	<b>196,964</b>
<b>Resources expended</b>						
Charitable activities:						
Academy's educational operations	7	(195,407)	(591,728)	(103,172)	(890,307)	(104,840)
Governance costs	9	(12,500)	(34,020)	-	(46,520)	(45,162)
<b>Total</b>		<b>(207,907)</b>	<b>(625,748)</b>	<b>(103,172)</b>	<b>(936,827)</b>	<b>(150,002)</b>
<b>Net income/(expenditure)</b>		<b>26,160</b>	<b>85,891</b>	<b>6,164,097</b>	<b>6,276,148</b>	<b>46,962</b>
Transfers between fund	17	-	(63,209)	63,209	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gain on deferred benefit pension schemes	17/24	-	(7,000)	-	(7,000)	-
		<b>26,160</b>	<b>15,682</b>	<b>6,227,306</b>	<b>6,269,148</b>	<b>46,962</b>
<b>Net movement in funds</b>		<b>26,160</b>	<b>15,682</b>	<b>-</b>	<b>6,269,148</b>	<b>46,962</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2015		44	46,918	-	46,962	-
<b>Funds carried forward at 31 August 2016</b>		<b>26,204</b>	<b>62,600</b>	<b>6,227,306</b>	<b>6,316,110</b>	<b>46,962</b>

All of the Academy's activities derive from continuing operations.

**Statement of Financial Activities**  
*(including Income and Expenditure account)*  
*for the period ended 31 August 2015*

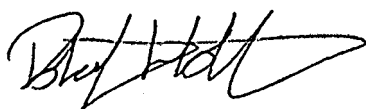
	Note	Unrestricted funds	Restricted non fixed asset funds	Restricted fixed asset funds	Total 2015
		£	£	£	£
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Voluntary income	3	-	-	-	-
Investment income	4	44	-	-	44
Other trading activities	5	-	-	-	-
Incoming resources from charitable activities:					
Funding for the Academy's educational activities	6	-	196,920	-	196,920
<b>Total</b>		44	196,920	-	196,964
<b>Resources expended</b>					
Charitable activities:					
Academy's educational operations	7	-	(104,840)	-	(104,840)
Governance costs	9	-	(45,162)	-	(45,162)
<b>Total</b>		-	(150,002)	-	(150,002)
<b>Net income/(expenditure)</b>		44	46,918	-	46,962
Transfers between fund	17	-	-	-	-
<b>Net income for the year</b>		44	46,918	-	46,962
<b>Net movement in funds</b>		44	46,918	-	46,962
<b>Reconciliation of funds</b>					
Funds brought forward at November 2014		-	-	-	-
<b>Funds carried forward at 31 August 2015</b>		44	46,918	-	46,962

All of the Academy's activities derive from continuing operations.

**Balance Sheet**  
*at 31 August 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £	£
<b>Fixed assets</b>				
Tangible fixed assets	13	6,227,306	-	-
		<u>6,227,306</u>		-
<b>Current assets</b>				
Debtors	14	80,939	96,860	
Cash at bank and in hand		262,358	136,651	
		<u>343,297</u>	<u>233,511</u>	
<b>Creditors: amounts falling due within one year</b>	15	(144,493)	(86,549)	
<b>Net current assets</b>		<u>198,804</u>		146,962
<b>Total assets less current liabilities</b>		<u>6,426,110</u>		146,962
<b>Creditors: amounts falling due after more than one year</b>	16	(100,000)	(100,000)	
Pension scheme liability	24	(10,000)	-	
<b>Net Assets (including pension liability)</b>		<u>6,316,110</u>		46,962
<b>Funds of the Academy:</b>				
Restricted fixed asset funds	17	6,227,306	-	
Restricted non fixed asset funds	17	62,600	46,918	
Unrestricted funds	17	26,204	44	
		<u>6,316,110</u>		46,962

The financial statements on pages 25 to 44 were approved by the Trustees, and authorised for issue on 6<sup>th</sup> February 2017 and were signed on their behalf by:



**Robert Holt**  
*Chair of the Trustees*

Company number 09323071

**Cash Flow Statement**  
*for the year ended 31 August 2016*

	<i>Note</i>	2016 £	2015 £
<b>Net cash inflow from operating activities</b>	<i>19</i>	<b>188,916</b>	<b>36,607</b>
Cash flows from investment activities	<i>20</i>	-	44
Cash flows from financing activities	<i>21</i>	<b>(63,209)</b>	100,000
<b>Change in cash and cash equivalents in the reporting period</b>	<i>22</i>	<b>125,707</b>	<b>136,651</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		<b>125,707</b>	136,651
Cash inflow from change in debt		-	(100,000)
Movement in net debt in the year		<b>125,707</b>	36,651
Net funds at 1 September 2015		<b>36,651</b>	-
<b>Net funds at 31 August 2016</b>		<b>162,358</b>	<b>36,651</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of Carillion Academies Trust.

#### *Basis of preparation*

These financial statements are the first financial statements of Carillion Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Carillion Academies Trust for the period ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

There were no changes in accounting policies and no material impact on the company arising from the transition to FRS 102 (see note 26).

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

#### *Going concern*

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

#### *Incoming resources*

All incoming resources are recognised when the 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.

- The General Annual Grant

The General Annual Grant (GAG) 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

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 balances in the restricted fixed asset fund.

- Sponsorship income

Sponsorship income provided to the Academy 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Incoming resources (continued)*

- Donations

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

- Investment income – interest receivable

Interest receivable is included with the Statement of Financial Activities on a receivable basis.

- Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

- Property and other assets leased

Inspire Academy has leased the property on a 125 year lease at no consideration. The building assets have been included at fair value based on build costs. They are then depreciated in line with the depreciation policy.

#### *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

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

- Charitable activities

These are costs incurred on the Academy's educational operations.

- Governance Costs

These include the costs attributable to the 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.

#### *Tangible Fixed Assets*

Assets costing £200 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the 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 Trust's depreciation policy.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible Fixed Assets (continued)*

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

- Leasehold land and buildings 125 years
- Fixtures, fittings and equipment 5 years
- ICT equipment 3 years

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.

#### *Liabilities*

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Taxation*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the 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 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 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.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 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 until 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.

#### Fund accounting

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

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

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

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was not subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next.

### 3 Voluntary income

	Unrestricted funds	Restricted fixed asset funds	Total 2016	Total 2015
	£	£	£	£
Donations	650	-	650	-
Donated salary costs	126,140	-	126,140	-
Donated assets	-	6,267,269	6,267,269	-
	<hr/>	<hr/>	<hr/>	<hr/>
	126,790	6,267,269	6,394,059	-
	<hr/>	<hr/>	<hr/>	<hr/>



**Notes (continued)**

**4 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Bank interest	-	-	-	44
	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Sundry income	6,662	-	6,662	-
Hire of premises and facilities	57,172	-	57,172	-
Staff services consultancy	43,443	-	43,443	-
	<u>107,277</u>	<u>-</u>	<u>107,277</u>	<u>-</u>

**6 Funding for the Academy's educational operations**

	Unrestricted funds £	Restricted funds non fixed assets £	Restricted fixed assets funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA revenue grants</b>					
Other DfE/EFA grants	-	188,050	-	188,050	100,000
General Annual Grant (GAG)	-	510,161	-	510,161	-
	<u>-</u>	<u>698,211</u>	<u>-</u>	<u>698,211</u>	<u>100,000</u>
<b>Other Government Grants</b>					
SEN from LA	-	-	-	-	60
Recovery of CAT costs from LA	-	-	-	-	65,153
Recovery from LA of staff costs	-	-	-	-	31,707
Recovery of VAT costs	-	13,428	-	13,428	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,920</u>
	<u>-</u>	<u>711,639</u>	<u>-</u>	<u>711,639</u>	<u>196,920</u>

**Notes (continued)**

**7 Resources expended**

	Staff costs £	Depreciation £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
Direct costs	331,447	-	61,396	392,843	66,396
Allocated support costs	166,116	103,172	228,176	497,464	38,444
	<u>497,563</u>	<u>103,172</u>	<u>289,572</u>	<u>890,307</u>	<u>104,840</u>
Governance costs including allocated support Costs (note 9)	-	-	46,520	46,520	45,162
Total resources expended	<u>497,563</u>	<u>103,172</u>	<u>336,092</u>	<u>936,827</u>	<u>150,002</u>

Net outgoing resources for the year include:

	Total 2016 £	Total 2015 £
Fees payable to auditor - audit	<u>12,500</u>	<u>6,000</u>

**8 Charitable activities – Academy's educational operations**

	Total 2016 £	Total 2015 £
<b>Direct costs – educational operations</b>		
Teaching and educational support staff costs	331,447	59,342
Educational supplies	39,297	6,870
Professional services- Educational	11,750	184
Technology costs	2,722	-
Staff development	7,627	-
	<u>392,843</u>	<u>66,396</u>
<b>Allocated support costs</b>		
Support staff costs	166,116	-
Rent	-	3,018
IT Licencing	11,120	24,197
Professional services- Non Educational	-	10,613
Insurance	924	616
Energy costs	31,286	-
Cleaning	51,154	-
Maintenance	12,688	-
Catering	38,386	-
Other costs	45,877	-
Technology	24,213	-
Premises costs	12,528	-
Depreciation	103,172	-
	<u>497,464</u>	<u>38,444</u>
	<u>890,307</u>	<u>104,840</u>

## Notes (continued)

### 9 Governance costs

	Total 2016 £	Total 2015 £
Auditor's remuneration:		
Audit of financial statements	12,500	6,000
Other audit costs	-	-
Legal and professional fees	34,020	39,162
Trustees reimbursed expenses	-	-
	<u>46,520</u>	<u>45,162</u>

### 10 Staff

#### (a) Staff costs

	2016 £	2015 £
Wages and salaries	408,625	31,704
Social security costs	26,036	15,198
Other pension costs	46,304	12,440
	<u>480,965</u>	<u>59,342</u>
Supply teacher costs	11,074	-
Other agency staff payments	5,524	-
Staff restructuring	-	-
	<u>497,563</u>	<u>59,342</u>

#### (b) Staff numbers

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

	2016 Number	2015 Number
Charitable activities		
Teachers	3	2
Administration and support	5	-
Management	2	-
	<u>10</u>	<u>2</u>

#### (c) Higher paid staff

The total number of employees whose FTE emoluments (excluding employer pension costs) exceeded £60,000 was:

	2016 Number	2015 Number
£60,000 - £70,000	-	1
£70,001 - £80,000	-	-
£80,001 - £90,000	1	-
	<u>1</u>	<u>-</u>

## Notes (continued)

### 10 Staff (continued)

#### (d) Non statutory/non contractual staff severance payments

No staff restructuring costs were incurred in 2016 (2015: £nil).

#### (e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust were £365,705 (2015: £59,342).

### 11 Related party transactions - Trustees' remuneration and expenses

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of the Trustees' remuneration was as follows:

Principal and Trustee	£nil
-----------------------	------

The Trustees did not receive any reimbursements in relation to expenses in the year.

Other related party transactions are set out in note 25.

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

- Human Resources;
- Financial services;
- Health and safety services
- Educational support services
- Governance services

The Trust charges for these services on the following basis:

- 4.9% of the total General Annual Grant based on a fully occupied school, reduced to 50% in year 1 and recoverable when the Academy is able to factor this into a balance budget.

The actual amounts charged during the year are as follows:

	2016 £	2015 £
Inspire Academy	32,500	-
Discovery Academy	-	-
	<hr/> 32,500 <hr/>	<hr/> - <hr/>

### 12 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy 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 £1 million on any one claim and the cost for the period ended 31 August 2016 was £500 (2015: £139). The cost of this insurance is included in the total insurance cost.

**Notes (continued)**

**13 Fixed assets**

	Leasehold land and buildings £	ICT Equipment £	Furniture and equipment £	Total £
<i>Cost</i>				
At 1 September 2015	-	-	-	-
Additions	6,122,669	94,719	113,090	6,330,478
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	6,122,669	94,719	113,090	6,330,478
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At 1 September 2015	-	-	-	-
Charged in year	48,981	31,573	22,618	103,172
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	48,981	37,154	22,618	103,172
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 August 2016	6,073,688	63,146	90,472	6,227,306
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2015	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The land and buildings occupied by the Academy are leased from the Local Authority on a 125 year peppercorn lease. The Trustees are of the opinion that the risks and rewards associated have been substantially transferred to the Academy and as such the land and buildings have been capitalised, with a corresponding entry shown in the Statement of Financial Activities, as donated income. The valuation basis has been estimated by reference to the expected rebuild costs.

Fixtures, fittings and equipment were also donated as part of the fit out costs. These have been capitalised based on insurance costs with the corresponding entry shown in the Statement of Financial Activities, as donated income.

The Trustees are satisfied that this basis most closely reflects an appropriate fair value for the asset.

**14 Debtors**

	2016 £	2015 £
Trade debtors	5,582	-
Other debtors	4,671	96,860
VAT debtor	70,686	-
	<hr/>	<hr/>
	80,939	96,860
	<hr/>	<hr/>

**15 Creditors: amounts falling due within one year**

	2016 £	2015 £
Trade creditors	127,993	-
Other taxation and social security	-	7,229
Other creditors	-	5,197
Accruals and deferred income	16,500	74,123
	<hr/>	<hr/>
	144,493	86,549
	<hr/>	<hr/>

## Notes (continued)

### 16 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other loans	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

Carillion Services Limited have provided a £100,000 interest free loan. The loan has no fixed repayment date and is available to the company until such date as both the company and Carillion Services Limited agree to any repayment.

### 17 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted non fixed asset funds</b>					
Voluntary income	-	-	-	-	-
General Annual Grant (GAG)	-	510,161	(446,952)	(63,209)	-
Other DfE/EFA grant	16,394	188,050	(141,776)	-	62,668
Other government grants	-	13,428	-	-	13,428
Investment income	-	-	-	-	-
LEA and other grants	30,524	-	-	-	30,524
Governance costs	-	-	(34,020)	-	(34,020)
Pension reserve	-	-	(3,000)	(7,000)	(10,000)
	<u>46,918</u>	<u>711,639</u>	<u>(625,748)</u>	<u>(70,209)</u>	<u>62,600</u>
<b>Restricted fixed asset funds</b>					
Donated assets	-	6,267,269	(103,172)	63,209	6,227,306
<b>Total restricted funds</b>	<u>46,918</u>	<u>6,978,908</u>	<u>(728,920)</u>	<u>(7,000)</u>	<u>6,289,906</u>
<b>Unrestricted funds</b>					
Activities for generating funds	-	-	-	-	-
Investment income	44	-	-	-	44
Voluntary income	-	126,790	-	-	126,790
Other trading activities	-	107,277	-	-	107,277
Academies Educational activities	-	-	(195,407)	-	(195,407)
Governance costs	-	-	(12,500)	-	(12,500)
	<u>44</u>	<u>234,067</u>	<u>(207,907)</u>	<u>-</u>	<u>26,204</u>
<b>Total</b>	<u>46,962</u>	<u>7,212,975</u>	<u>(936,827)</u>	<u>(7,000)</u>	<u>6,316,110</u>

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

General Annual Grant must be used for the normal running costs of the Trust and Academies and the intention is to utilise remaining GAG for continued improvement works to the Trust's estate together with strengthening of resources, including IT investment and staff training.

## Notes (continued)

### 17 Funds (continued)

Analysis of Academies by fund balance:

	2016 £	2015 £
Inspire Academy	33,975	-
Discovery Academy	19,398	-
Carillion Academy Trust	45,431	46,962
	<hr/>	<hr/>
Total before fixed asset and pension reserve	98,804	46,962
	<hr/>	<hr/>
Restricted fixed asset fund	6,227,306	-
Pension reserves	(10,000)	-
	<hr/>	<hr/>
Total	6,316,110	46,962
	<hr/> <hr/>	<hr/> <hr/>

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
Inspire Academy	303,950	32,675	17,840	195,958	550,423
Discovery Academy	27,497	7,301	10,992	29,993	75,783
Carillion Academies Trust	-	126,140	10,465	70,844	207,449
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	331,447	166,116	39,297	296,795	833,655
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 18 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted non fixed assets funds £	Restricted fixed asset funds £	Total £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	6,227,306	6,227,306
Current assets	26,204	317,093	-	343,297
Current liabilities	-	(144,493)	-	(144,493)
Non-current liabilities	-	(110,000)	-	(110,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	26,204	62,600	6,227,306	6,316,110
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**19 Reconciliation of net incoming resources to net cash inflow from operating activities**

	2016 £	2015 £
Net incoming resources	6,269,148	46,962
Depreciation (note 13)	103,172	-
Interest receivable (note 4)	-	(44)
Donated assets and building	(6,267,269)	-
Decrease/(Increase) in debtors	15,921	(96,860)
Increase in creditors	57,944	86,549
Increase in provisions	10,000	-
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>188,916</b>	<b>36,607</b>
	<hr/> <hr/>	<hr/> <hr/>

**20 Cash flows from financing activities**

	2016 £	2015 £
Interest received	-	44
	<hr/>	<hr/>
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>44</b>
	<hr/> <hr/>	<hr/> <hr/>

**21 Cash flows from investing activities**

	2016 £	2015 £
Purchase of tangible fixed assets	(63,209)	-
Issue of new loan	-	100,000
	<hr/>	<hr/>
<b>Net cash flow from investing activities</b>	<b>(63,209)</b>	<b>100,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**22 Analysis of changes in net funds**

	At 1 September 2015 £	Cash flows £	At 31 August 2016 £
Cash in hand and at bank	136,651	125,707	262,358
Debt due after more than 1 year	(100,000)	-	(100,000)
	<hr/>	<hr/>	<hr/>
	<b>36,651</b>	<b>125,707</b>	<b>162,358</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## Notes (continued)

### 23 Members' liability

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

### 24 Pension and similar obligations

The Academy's employees belong to two pension schemes; the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non teaching staff, which is managed by Tameside 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 was 31 March 2012 and the LGPS March 2013.

Contributions amounting to £46,304 (2015: £12,440) were payable to the schemes at 31 August 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' Pensions 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 2015 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 2015. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176.6 billion giving a notional past service deficit of £14.9 billion.
- 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 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48% 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 £35,304 (2015: £12,440).

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

## Notes (continued)

### 24 Pension and similar obligations (continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. This was just in operation from 1 September 2015 therefore there are no comparatives. The total contributions made for the year ended 31 August 2016 were £11,000 (2015: £nil) of which employer's contributions totalled £8,000 (2015: £nil) and employees' contributions totalled £3,000 (2015: £nil). The LGPS employer contribution rate is 15.4%, and will remain in place until 31 March 2017. This rate will be revised from 1 April 2017 after the finalisation of the tri-annual LGPS review. The LGPS employee contribution rates are banded based on salary earned. The employee salary bands and corresponding rates are as follows:

Actual Pensionable Pay	Employee contribution rate %
Up to £13,600	5.5
£13,601 to £21,200	5.8
£21,201 to £34,400	6.5
£34,401 to £43,500	6.8
£43,501 to £60,700	8.5
£60,701 to £86,000	9.9
£86,001 to £101,200	10.5
£101,201 to £151,800	11.4
More than £151,801	12.5

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

#### Principal Actuarial Assumptions:

	2016
Rate of increase in salaries	3.4%
Rate of increase for pensions in payment	2.1%
Discount rate for scheme liabilities	2.1%
Inflation assumption (CPI)	2.1%

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

	2016
<i>Retiring today:</i>	
Males	21.4
Females	24.0
<i>Retiring in 20 years:</i>	
Males	24.0
Females	26.6

## Notes (continued)

### 24 Pension and similar obligations (continued)

#### Local Government Pension Scheme

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

	Fair value at 31 August 2016 £
Equities	8,640
Government bonds	2,040
Property	720
Cash	600
	<hr/>
<b>Total market value of assets</b>	<b>12,000</b>
Present value of scheme liabilities	
- Funded	(22,000)
	<hr/>
<b>Deficit in the scheme</b>	<b>(10,000)</b>
	<hr/>

#### Amounts recognised in the Statement of Financial Activities:

	£
Current service cost	11,000
Interest on net liability	-
	<hr/>
<b>Pension expense</b>	<b>11,000</b>
	<hr/>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities.

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities is a £7,000 loss.

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

	2016 £
At beginning of year	-
Current service cost	11,000
Contributions by participants	3,000
Actuarial losses for liabilities	8,000
	<hr/>
<b>At end of year</b>	<b>22,000</b>
	<hr/>

## Notes (continued)

### 24 Pension and similar obligations (continued)

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

	2016 £
At beginning of year	-
Contributions by employer	8,000
Contributions by participants	3,000
Actuarial gains on assets	1,000
	<hr/>
At end of year	12,000
	<hr/>

The estimated value of employer contributions for the year ended 31 August 2016 is £8,000.

	2016 £
Present value of defined benefit obligations	(22,000)
Fair value of share of scheme assets	12,000
	<hr/>
Deficit in the scheme	(10,000)
	<hr/>

### 25 Related party transactions

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

Carillion Services Limited have provided Carillion Academies Trust with a £100,000 interest free loan to date. This is included within creditors due after more than 1 year. Facilities Management support services were also provided from Carillion Services Ltd during the year amounting to a total of £72,370 plus £24,002 for school meals.

### 26 Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards. There were no changes in accounting policies and no material impact on the company arising from the transition to FRS102.