

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

**Annual Report and Financial Statements**  
Company number 09323071  
31 August 2017

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## Reference and Administrative Details

<b>Members</b>	Robert Holt Anne Ramsay Carillion AMBS represented by Anne Toms (appointed 25 August 2017)
<b>Trustees</b>	Robert Holt Anne Ramsay (appointed 25 August 2017) Carillion AMBS represented by Anne Toms
<b>Company Secretary</b>	Anne Ramsay
<b>Senior Management Team:</b>	
Chief Executive	Karen Burns
Finance and Resources Director	Andrew Hayday (left 13 March 2017)
Finance Manager	David Thompstone (appointed 17 April 2017)
Trust Development Manager	Nicky Wise
<b>Company Name</b>	Carillion Academies Trust
<b>Principal and Registered Office</b>	Carillion House Salop Street Wolverhampton WV3 0SR
<b>Company Registration Number</b>	09323071 (England and Wales)
<b>Independent Auditor</b>	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
<b>Bankers</b>	NatWest Bank Nottingham Smith St Branch 16 South Parade Nottingham NG1 2JX

## Report of the Trustees

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 2017.

The financial statements have been prepared in accordance with:

- the accounting policies on pages 30 to 34 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 2016'); and
- the Academies Accounts Direction 2016 to 2017.

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

The Trust 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. The Academy had 21 pupils in Nursery and 164 pupils across Reception, Year 1 and Year 2 in the October 2017 pupil census. Discovery Academy (which opened in September 2016) has a pupil capacity of 420 and 52 FTE nursery. The Academy had a roll of 7 pupils in Nursery and 45 in Reception and Year 1 in the October 2017 pupil census.

## Structure, Governance and Management

### Constitution

The academy trust (the Trust) is a company limited by guarantee and an exempt charity and is registered at Companies House under registration number 09323071. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees are also the directors of the charitable company for the purposes of company law.

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 of the charitable company 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.

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

### **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 of the development of the Trust the Members have kept the number of Trustees small to expedite establishment and set up of the first two academies. The Trustees are all currently representatives from the sponsor organisation, Carillion Plc.

To support the Board and to supplement the knowledge, experience and skills of the Trust Board an Advisory Group has been established including members with expertise as directors of boards and/or in key disciplines such as HR and experience in education.

### **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 as Trustees. In addition to support their work all Trustees are provided with Gold membership of the National Governors Association.

### **Organisational Structure**

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

The Chief Executive of the Trust carries out the role alongside the Executive Principal role at Inspire and Discovery Academies. The Chief Executive also carries out the role of Chief Accounting Officer for the Trust.

During the 2016/2017 academic year the Trust Board has carried out the role of the Finance and Business Board and the Academic and Improvement Board. The Advisory Group have provided additional support and advice to the Trust Board.

At Inspire Academy the Local Governing Body was supported by the Finance and Resources Committee, a Staff and Pupil Well Being Committee, along with a Pay Review and Appeals Committees. They have met termly with a 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.

At Discovery Academy the Local Governing Body has met termly to carry out all of its delegated functions with a constitution of eight Governors as follows:

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

## 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, support and administrative staff.

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

Carillion Academies Trust was established and is supported by Carillion Plc. Carillion provide the Trust with advice and support across all activities along with dedicated personnel and resources to assist in the operation and delivery of the Trust's ambitions.

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 the charity through which this is achieved. Carillion has formed the Trust to strengthen the direct link between business and education and it wishes to respond positively to and support the government strategy to develop the state sector of education.

## Objectives and Activities

### Objects and Aims

Carillion Academies Trust 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, 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
- 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.

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

### **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;
- Ensure all Primary Schools exceed the floor targets;
- Support all of our academies towards achieving an OFSTED grading of Outstanding;
- 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.

### **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. The Trust aims to advance for the public benefit primary education. In particular by establishing, maintaining, managing and developing academies, offering the national curriculum whilst recognising and supporting the individual character and community of each academy

## Report of the Trustees (*continued*)

### Strategic Report

#### Achievements and Performance

The achievements for 2016 / 2017 are summarised as follows:

Carillion Academies Trust now have two open academies with other schools currently in initial discussions. The two academies had pupils in Nursery, Reception and Year 1 in the 2016 / 2017 academic year.

The achievements of the Trust in the Third Year of Operation (2016 / 2017) have been:

#### Carillion Academies Trust

- Managed the Trust Board, Advisory Group, Local Governing Body and Committee meetings in line with our Approach to Governance, with Just a Sec appointed to Clerk the Academy meetings to ensure appropriate record keeping.
- Recruited a Trust Finance Manager – to support the academies and the growth of the Trust.
- Raised the profile of the Trust in the North West by hosting activities at the academies and attending local education events.
- Raised the profile of the Trust in the North West by presenting to schools in Tameside and beyond to discuss conversion and the potential for joining the Trust.
- Raised the profile of the Trust by engaging with the RSCs in the north, Lancashire and West Yorkshire, East Midlands and the Humber and the North.
- Strengthening links with the founding member through discussions with Carillion Group in connection with Breaking Down One Million Barriers and other sustainability targets.
- Raised the national profile of the Trust through Chief Executive attendance at Parliament, Chief Executive position on Optimus Education Advisory Group and guest speaking at national events.
- To work with an existing local primary school Governing Body to convert to academy status and join the Trust.
- Commissioned an external review to inform the governance of the Trust in the next stage of development.

#### Inspire Academy

- The Local Governing Body at Inspire Academy have held meetings and committee meetings termly to ensure appropriate governance at the Academy;
- Policies and operating procedures have been followed at the Academy;
- New teaching and support staff started in post in September 2016 and have embraced the high level of commitment and drive at Inspire;
- Staff at the academy are developing into experts leading practice across Tameside.
- Excellent teaching staff have been recruited to support the new intake of pupils in September 2017;
- The stability of pupil numbers has been maintained during the course of the academic year – with pupils numbers increasing at the start of the year then remaining stable – 26 pupils in Nursery and 117 pupils across Reception and Year 1;
- The numbers of pupils joining the Academy in September 2017 (48) is sufficient to support continued growth;
- The learning environment and the curriculum have been developed by the staff to be robust and appropriate to the circumstances of the Inspire Academy Community;

## Report of the Trustees (continued)

### Achievements and Performance (continued)

#### Inspire Academy (continued)

- The excellent outcomes for pupils in EYFS and Phonics have demonstrated the strong focus on ensuring positive outcomes for all pupils.
- Established a Parents, Teachers, Friends Association further demonstrating the commitment to the local community.
- The Academy web site has been relaunched with very positive feedback from parents; and
- The academy has continued to host Cromwell Secondary School during the course of the academic year.

#### Discovery Academy

- The Local Governing Body at Discovery Academy have held termly meetings to ensure appropriate governance at the Academy;
- Policies and operating procedures have been followed at the Academy;
- New teaching and support staff started in post in September 2016 and have embraced the high level of commitment and drive expected at Discovery;
- Staff at the academy are developing into experts leading practice across Tameside;
- Excellent teaching staff have been recruited to support the new intake of pupils in September 2017;
- The stability of pupil numbers has been maintained during the course of the academic year;
- The numbers of pupils joining the Academy in September 2017 (28) is sufficient to support continued growth;
- The learning environment and the curriculum have been developed by the staff to be robust and appropriate to the circumstances of the Academy Community;
- The excellent outcomes for pupils in EYFS have demonstrated the strong focus on ensuring positive outcomes for all pupils;
- Established a Parents, Teachers, Friends Association further demonstrating the commitment to the local community; and
- The Academy has hosted meetings and training courses for Tameside MBC, the Trust and Education Services.

Performance at the end of July 2017 across the academies was as follows:

#### Inspire Academy

##### EYFS:

- Of current 58 children 74% achieved 'Good Level of Development'
- Of original 55 children baselined, 79% achieved 'Good level of Development'

##### Year 1 Phonics Screening:

No. of children successful/ not successful	% of children achieving threshold/ pass mark:
No of children dis-applied:	
49/57 successful	
5 unsuccessful	85.96% 86%
No dis-applications	
49/55 successful	
5 unsuccessful	89.09% 89%
2 dis-applications (as above)	

## Report of the Trustees (continued)

### Achievements and Performance (continued)

#### Discovery Academy

##### EYFS:

- Of current 21 children 81% achieved 'Good Level of Development'
- Of original 18 children baselined, 83% achieved 'Good level of Development'

### Key Performance Indicators

The Advisory Group, Chief Executive and the Local Governing Bodies undertake a review of performance against assessment targets for each academy at their termly meetings and this is reported to the Trust Board alongside regular summaries of the financial status of each academy.

The Trust currently comprises two targeted basic need primary academies which are growing incrementally with each academic year. The main funding stream for the Trust is based on the General Annual Grant received for each academy based on the pupil numbers. The annual increase in the numbers of pupils at each academy is a key performance indicator for the growth of the Trust.

The current position and anticipated growth of the pupil numbers is shown below:

	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021	2021 / 2022
<b>Inspire Academy (2FE)</b>	(N) R	(N) R, Yr1	(N) R, Yr1, Yr2	(N) R, Yr1, Yr2, Yr3	(N) R, Yr1, Yr2, Yr3, Yr4	(N) R, Yr1, Yr2, Yr3, Yr4, Yr5	(N) R, Yr1, Yr2, Yr3, Yr4, Yr5, Yr6
<b>Target</b>	(20) 45	(20) 104	(26) 135	(26) 209	(26) 254	(26) 299	(26) 344
<b>Actual</b>	(11) 46	(16) 131	(26) 164				
<b>Discovery Academy (1FE)</b>	N / A	(N) R	(N) R, Yr1	(N) R, Yr1, Yr2	(N) R, Yr1, Yr2, Yr3	(N) R, Yr1, Yr2, Yr3, Yr4	(N) R, Yr1, Yr2, Yr3, Yr4, Yr5
<b>Target</b>	N / A	(17) 20	(17) 40	(17) 65	(17) 85	(17) 105	(17) 125
<b>Actual</b>	N / A	(6) 18	(6) 45				

### 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.

## Report of the Trustees *(continued)*

### Financial Review

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

There were three main sources of income across the Trust and its Academies during the year; £316,438 from Tameside Metropolitan Borough Council in the form of early years and diseconomies grant funding, £284,200 in relation to accommodation rental primarily from the local authority and its schools and £776,870 from the ESFA in the form of General Annual Grants, business rates, Pupil Premium, P.E. and Sports and Universal Infant Free School Meal grants. In addition to this there was £111,051 of donated salary costs and £71,916 in self-generated income.

During the period ended 31 August 2017 expenditure amounting to £1,633,860 was incurred or accrued. The Trust achieved an overall net increase in funds of £7,680,550 which primarily related to Discovery land and buildings being added to the donated fixed asset funds at the start of the accounting period at a value of £7,739,251.

### 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 2016 was (£10,000), which increased to (£50,000) by 31 August 2017.

### 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/ESFA 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 non fixed asset fund reserves is considered as part of the review of the Investment and Reserves Policy, which is set at £250,000. As the Trust currently consists of two recently opened and growing Schools that do not yet have children in every year group this target had not been achieved by the year ended 31 August 2017.

### 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

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

### **Investment Policy (continued)**

- 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.

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.

#### **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;

## Report of the Trustees *(continued)*

### Risk Control Framework *(continued)*

- 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 and uncertainties are listed below:

- **Sustainability / Growth:** The ability to grow to improve the long term financial stability of the Trust and therefore growth is closely monitored at Trust Board level. The longer it takes for the Trust to grow the smaller the number of schools who might choose to join the Trust.
- **Reputation / Credibility:** The success and sustainability of the Trust is dependent on the outcomes of the academies and the continued attraction of sufficient numbers of pupils by developing the highest possible educational standards. The numbers of pupils at the academies and the performance of the pupils is monitored by the Local Governing Bodies, the Advisory Group and the Trust Board.
- **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 and monitored at Local Governing Body level.
- **Funding Uncertainties:** Resulting from the funding of pre-opening and diseconomies funding by the Local Authority. This is mitigated through ongoing discussions with Tameside MBC and the Department for Education and modelling of various funding scenarios. These are monitored by the Advisory Group and Trust Board termly.
- **Physical and Infrastructure Risks:** Relating to the environment and estates of the Trust. This is mitigated through the completion of appropriate risk assessment, regular health and safety reviews, and appropriate insurance arrangements.
- **Safeguarding and Child Protection:** The operation of rigorous policies and procedures, recruitment selection and monitoring of all staff with regard to safeguarding and health and safety is supported by close monitoring at all levels of governance within the Trust.
- **Staffing:** The risk of being unable to continue to recruit or losing key staff, gradually or through illness. This is mitigated through Academy cover policies and business continuity plans. Linked to this is the quality of the staff and so the Local governing Bodies, the Advisory Group and Trust Board monitor the development of staff and succession planning.

The 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.

## Report of the Trustees *(continued)*

### Plans for Future Periods

In order to provide support to Inspire and Discovery Academies, and to support the sustainability of the Trust the numbers of academies within the Trust needs to increase. The work of the Trust during 2015 / 2016 and 2016 / 2017 has been to establish and secure the operation of the two brand new primary schools. The pupil numbers are increasing annually at the academies but in order to support the development of these academies the Trust needs to increase in size.

Alongside growth the Trust will continue to develop the two existing academies, with annual marketing to secure sufficient pupils and recruitment to ensure the appropriate levels of staffing. At the existing academies the Trust will continue to ensure that an outstanding education is delivered to ensure the highest possible outcomes for all pupils. The curriculum and extra-curricular offer will be extended and expanded to ensure that the local community are provided with a high quality provision at the academies.

The Trust will encourage schools to voluntarily convert to join the Trust and when appropriate will also seek to sponsor additional schools.

Specifically the Trust objectives for the fourth year of operation (2017 – 2018) are to:

- Continue to recruit excellent staff to increase the capacity at Inspire and Discovery Academies to support the continued development of the academies.
- Continue to develop the Local Governing Bodies for Inspire and Discovery Academies.
- Continue to attract appropriate levels of new pupils to Inspire and Discovery Academies to support the financial stability of the schools.
- Continue to 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.
- Continue to develop and enhance the reputation of the Trust in those communities.
- Support Inspire Academy to achieve a successful outcome from their Ofsted Inspection.
- Support Discovery Academy in preparation for their anticipated Ofsted Inspection in the academic year 2018 / 2019.
- Expand the Trust by attracting at least two existing schools to convert to join the Trust.
- Continue to develop the Trust further by attracting schools to sponsor to create hubs of academies. This will include approaching good / outstanding schools to continue to increase the capacity of the Trust to offer school improvement and therefore the Trusts ability to sponsor low performing schools.

### Funds Held as Custodian Trustee on Behalf of Others

The Trust and its Trustees do not act as Custodian Trustees of any other Charity.

## Report of the Trustees *(continued)*

### Auditor

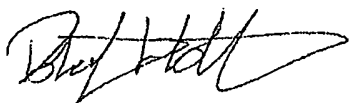
Insofar as the Trustees are aware:

- 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 LLP 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 19 December 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 4 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee:	Meetings attended:	Out of a possible:
Robert Holt	4	4
Anne Ramsay	3	4
Carillion AMBS represented by Anne Toms	2	4
Advisory Group:	Meetings attended:	Out of a possible:
Karen Burns	4	4
Brian Duckworth (resigned December 2016)	2	2
John Bridge (appointed March 2017)	2	2
Lisa Mortleman	2	4
Tony Smith	4	4

The Board of Trustees consider that their main challenges during the period to 31<sup>st</sup> August 2017 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 new targeted basic need schools.
- Staff appointments
- Performance outcomes for pupils
- Governance at Academy and Trust level

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

## Governance Statement (continued)

### Governance reviews:

The Trust managed two Targeted Basic Needs primary academies (Inspire and Discovery Academies) during the period 31 August 2016 to 31 August 2017 with pupils in Nursery, Reception and Year 1. A constant review of governance has taken place during the course of the year considering the impact and the effectiveness of the Local Governing Bodies and the board of Trustees.

In June 2017 the Trustees commissioned One Education to carry out a review of governance across the Trust to evaluate the impact and effectiveness of the Academy governance and of the Trustees. This review included:

- Interviews with the Chief Executive, Trust Development Manager, Safeguarding Governor, Chair of the Local Governing Bodies and Chair of Inspire Academy Finance and Resources Committee;
- Review of all minutes of meetings of the board of Trustees, the Advisory Group and Local Governing Bodies;
- Workshop on governance with the Inspire Academy Local Governing Body including completing an updated Skills Audit;
- Analysis of the Inspire Academy review of nine Ofsted questions; and
- Consideration of the Trust evaluation through completion of the National Governors Association 21 Questions for multi academy trusts.

The findings of the review were as follows:

#### At Trust Board level:

- Clearly delineate the Members and Trustees to ensure that the majority of Members are independent of the Trust Board.
- Consider the appointment of additional Trustees using the skills analysis and competency framework to increase the size and effectiveness of the Trust Board.
- Develop the Trust Board committee structure by the creation of the Achievement and Improvement Board and Finance and Business Board to ensure that as the academies grow the business can be dealt with in the appropriate detail. Ensure that the paperwork is then split between the various committees.
- Consider the offer that the Trust has to existing schools and ensure that this is explicit.
- Ensure that the uniqueness of the Trust ethos is considered at Trust Board level.
- Consider an overarching development plan incorporating all of the existing plans and use this as the focus for all meetings.
- Further develop ways of consulting with stakeholders.

#### At Advisory Group level:

- Clearly define and communicate to all governors and Trustees the function and remit of the advisory body. The Advisory Group could become the two committees which report to the Trust Board.
- Senior leaders to provide more detailed data by groups such as gender, disadvantaged, SEND on a termly basis for all classes so that governors can ask questions and have a more detailed understanding of pupil outcomes.
- Review the format of minutes and ensure that there is sufficient detail for recipients to understand and if necessary challenge decisions.

## Governance Statement (continued)

### Governance reviews: (continued)

#### At Local Governing Body level:

- School leaders should continue to share the SEFs and SDPs with governors and the governors should be supported to become more skilled at contributing to the creation of the SEFs and the monitoring of the SIPs and the on-going evaluation of progress on priorities identified on the SDPs.
- School leaders should continue to develop and use measurable success criteria and milestones on the SIPs. The size of the school and lack of different year groups has made this difficult at present. As the schools grow it will be easier to identify measurable criteria and then, when these are firmly established, it will become easier for governors to evaluate progress on a termly basis.
- Senior leaders to provide more detailed data by groups such as gender, disadvantaged, SEND on a termly basis for all classes so that governors can ask questions and have a more detailed understanding of pupil outcomes
- Less experienced governors to receive training on pupil and financial data and how to interpret and challenge it.
- Ensure that there are different targets for various groups and clear milestones by when targets and other measurable success criteria such as improvements in attendance will be achieved.
- Further refine the RAG rating which is in use on the SDP to ensure that the emphasis is on RAG rating success criteria and targets.
- Either expand governance so that there are more governors who do not work at the school or commission external reports to validate and challenge judgements.
- Review the format of minutes and ensure that there is sufficient detail for recipients to understand and if necessary challenge decisions.
- Further develop systems for consulting with parents and stakeholders.
- Continue to monitor the impact of pupil premium funding closely as year groups increase.

The Trustees have already implemented many of the above actions and further reviews will be carried out during the course of the 2017 / 2018 academic year.

#### **Review of Value for Money**

As Accounting Officer the Chief Executive has responsibility for ensuring that the academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Carrying out a Trust wide audit of all finance income and expenditure;
- Ensuring that where possible Trust staff are used for upskilling and training staff;
- Carrying out a review of all utility and other service providers to provide better value;
- Carrying out a review of all funding received by the ESFA to the academies ensure that all funding that can be applied for is received;

## Governance Statement (continued)

### Governance reviews: (continued)

- Carrying out a review of all the funding received from Tameside MBC to the academies to ensure that no funding is lost.
- Carrying out a review of the HR contract and level of service to ensure that the appropriate level of service is provided to the Trust; and
- Taking cost free opportunities taken wherever possible.

### 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 Academics Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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
- 

### Review of Effectiveness

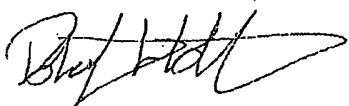
As accounting officer the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period to 31 August 2017 the review was informed by:

- 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.

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

Approved by order of the members of the board of Trustees on 19 December 2017 and signed on its behalf by:

Robert Holt  
Chair of Trustees



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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

Signed



**Karen Burns**  
*Accounting Officer*

19 December 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 applicable law and regulations, including the Annual Accounts Directors published by the Education and Skills Funding Agency (ESFA).

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgements and 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

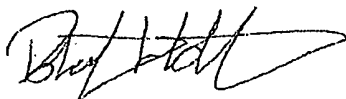
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education 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 UK 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 19 December 2017 and signed on its behalf by:

Robert Holt  
Chair of Trustees





**KPMG LLP**

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

## **Independent auditor's report to the members of Carillion Academies Trust**

### **Opinion**

We have audited the financial statements of Carillion Academies Trust ("the charitable company") for the year ended 31 August 2017 which comprise the Statement of Financial Activities including Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2016 to 2017* issued by the Education and Skills Funding Agency.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Annual Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

## **Independent auditor's report to the members of Carillion Academies Trust *(continued)***

### **Other information *(continued)***

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.

We have nothing to report in these respects.

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 21, the Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent auditor's report to the members of Carillion Academies Trust *(continued)***

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



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

19<sup>th</sup> December 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 and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 20 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Carillion Academies Trust (the Academy Trust) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

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

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 Principal on behalf of the Governing Body;
- 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 'at cost' requirements of the Academies Financial Handbook 2016;
- 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 2016 to 2017.

**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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*M.R. Thompson*

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

19<sup>th</sup> December 2017

**Statement of Financial Activities**  
(including Income and Expenditure account)  
for the year ended 31 August 2017

	Note	Unrestricted funds £	Restricted non fixed asset funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
<b>Incoming resources</b>						
Income and endowments from:						
Donations and capital grants	3	123,521	-	7,743,996	7,867,517	6,394,059
Charitable activities:						
Funding for the Academy Trust's educational operations	4	1,243	1,096,248	-	1,097,491	711,639
Other trading activities	5	342,402	-	-	342,402	107,277
Investment income	6	-	-	-	-	-
<b>Total</b>		<b>467,166</b>	<b>1,096,248</b>	<b>7,743,996</b>	<b>9,307,410</b>	<b>7,212,975</b>
<b>Expenditure on</b>						
Charitable activities:						
Academy Trust's educational operations	8	(314,978)	(1,165,848)	(153,034)	(1,633,860)	(936,827)
<b>Total</b>		<b>(314,978)</b>	<b>(1,165,848)</b>	<b>(153,034)</b>	<b>(1,633,860)</b>	<b>(936,827)</b>
<b>Net income/(expenditure)</b>		<b>152,188</b>	<b>(69,600)</b>	<b>7,590,962</b>	<b>7,673,550</b>	<b>6,276,148</b>
Transfers between fund-	16	-	-	-	-	-
<b>Other recognised gains and losses</b>						
Actuarial gain/(losses) on deferred benefit pension schemes	16/26	-	7,000	-	7,000	(7,000)
<b>Net movement in funds</b>		<b>152,188</b>	<b>(62,600)</b>	<b>7,590,962</b>	<b>7,680,550</b>	<b>6,269,148</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2016		26,204	62,600	6,227,306	6,316,110	46,962
<b>Funds carried forward at 31 August 2017</b>		<b>178,392</b>	<b>-</b>	<b>13,818,268</b>	<b>13,996,660</b>	<b>6,316,110</b>

**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
		£	£	£	£
<b>Incoming resources</b>					
Income and endowments from:					
Donations and capital grants	3	126,790	-	6,267,269	6,394,059
Charitable activities:					
Funding for the Academy Trust's educational operations	4	-	711,639	-	711,639
Other trading activities	5	107,277	-	-	107,277
Investment income	6	-	-	-	-
<b>Total</b>		<b>234,067</b>	<b>711,639</b>	<b>6,267,269</b>	<b>7,212,975</b>
<b>Resources expended</b>					
Charitable activities:					
Academy's educational operations	8	(207,907)	(625,748)	(103,172)	(936,827)
<b>Total</b>		<b>(207,907)</b>	<b>(625,748)</b>	<b>(103,172)</b>	<b>(936,827)</b>
<b>Net income/(expenditure)</b>		<b>26,160</b>	<b>85,891</b>	<b>6,164,097</b>	<b>6,276,148</b>
Transfers between fund	16	-	(63,209)	63,209	-
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gain on deferred benefit pension schemes	16/26	-	(7,000)	-	(7,000)
		<b>26,160</b>	<b>15,682</b>	<b>6,227,306</b>	<b>6,269,148</b>
<b>Net movement in funds</b>		<b>26,160</b>	<b>15,682</b>	<b>6,227,306</b>	<b>6,269,148</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>

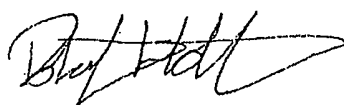
All of the Academy's activities derive from continuing operations.

**Balance Sheet**  
*at 31 August 2017*

	Note	2017 £	2016 £	£
<b>Fixed assets</b>				
Tangible assets	12	13,983,412	6,227,306	
		<u>13,983,412</u>	<u>6,227,306</u>	
<b>Current assets</b>				
Debtors	13	106,221	80,939	
Cash at bank and in hand	24	250,802	262,358	
		<u>357,023</u>	<u>343,297</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(193,775)</u>	<u>(144,493)</u>	
<b>Net current assets</b>		<u>163,248</u>	<u>198,804</u>	
<b>Total assets less current liabilities</b>		<u>14,146,660</u>	<u>6,426,110</u>	
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(100,000)</u>	<u>(100,000)</u>	
<b>Net assets excluding pension liability</b>		<u>14,046,660</u>	<u>6,326,110</u>	
<b>Defined benefit pension scheme liability</b>	26	<u>(50,000)</u>	<u>(10,000)</u>	
<b>Net assets including pension liability</b>		<u>13,996,660</u>	<u>6,316,110</u>	
<b>Funds of the Academy: Restricted Funds:</b>				
Restricted fixed asset fund	16	13,818,268	6,227,306	
Restricted non fixed asset fund	16	50,000	72,600	
Pension Reserve	16	<u>(50,000)</u>	<u>(10,000)</u>	
<b>Total Restricted Funds</b>		<u>13,818,268</u>	<u>6,289,906</u>	
<b>Unrestricted Funds</b>	16	<u>178,392</u>	<u>26,204</u>	
<b>Total Funds</b>		<u>13,996,660</u>	<u>6,316,110</u>	

The financial statements on pages 31 to 49 were approved by the Trustees, and authorised for issue on 19 Dec 2017 and were signed on their behalf by:

Robert Holt  
Chair of the Trustees



Company number 09323071

**Statement of Cash Flows**  
*for the year ended 31 August 2017*

	<i>Note</i>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	180,843	188,916
Cash flows from investing activities	22	(192,399)	(63,209)
Cash flows from financing activities	21	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(11,556)</b>	<b>125,707</b>
<b>Cash and cash equivalents at 1 September 2016</b>		<b>262,358</b>	<b>136,651</b>
<b>Cash and cash equivalents at 31 August 2017</b>	24	<b>250,802</b>	<b>262,358</b>

## Notes to the financial statements for the year ended 31 August 2017

### 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*

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

- General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.
- Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.
- Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### • Donations

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

##### • Other Income

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

## Notes to the financial statements for the year ended 31 August 2017 *(continued)*

### 1 Accounting policies *(continued)*

#### *Incoming resources (continued)*

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Donated fixed assets (excluding Transfers on conversion/into trust)**

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

The Inspire and Discovery Academy land and buildings have been leased on a 125 year agreement 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.

#### *Expenditure*

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

#### *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 to the financial statements for the year ended 31 August 2017 *(continued)*

### 1 Accounting policies *(continued)*

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

Where tangible fixed assets have been acquired from unrestricted funds, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related unrestricted funds are not credited to the restricted fixed asset fund in the Statement of Financial Activities upon purchase. Instead the annual depreciation on such assets is charged to the unrestricted revenue funds in the Statement of Financial Activities annually on a basis consistent with the Academy Trust's depreciation policy.

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
- Outdoor Equipment 10 years #
- Building Shutters 20 years #

# (included within land and buildings in Note 12 in relation to fixed assets)

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.

#### *Provisions*

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

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

#### *Lensed Assets*

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

#### *Financial Instruments*

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 1 Accounting policies (continued)

#### *Financial Instruments (continued)*

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

#### *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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### *Pensions Benefits*

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

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

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

Actuarial gains and losses are recognised immediately in other recognised 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 trust at the discretion of the trustees.

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

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

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

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

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions (continued)*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2 General Annual Grant (GAG)

There are no limits on the amount of GAG that is permitted to be carried forward from one year to the next within the funding agreements with the Education and Skills Funding Agency.

### 3 Donations and capital grants

	Unrestricted funds	Restricted fixed asset funds	Total 2017	Total 2016
	£	£	£	£
Capital Grants	-	4,745	4,745	-
Donated salary costs	111,051	-	111,051	126,140
Donated fixed assets	-	7,739,251	7,739,251	6,267,269
Other donations	12,470	-	12,470	650
	<u>123,521</u>	<u>7,743,996</u>	<u>7,867,517</u>	<u>6,394,059</u>

**Notes to the financial statements for the year ended 31 August 2017 (continued)**

**4 Funding for the Academy Trust's Educational Operations**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	673,708	673,708	510,161
Other DfE/ESFA grants	-	106,102	106,102	188,050
	<u>-</u>	<u>779,810</u>	<u>779,810</u>	<u>698,211</u>
Other Government grants				
Local authority grants	-	316,438	316,438	-
	<u>-</u>	<u>316,438</u>	<u>316,438</u>	<u>-</u>
Other income from the Academy Trust's educational operations	1,243	-	1,243	13,428
	<u>1,243</u>	<u>1,096,248</u>	<u>1,097,491</u>	<u>711,639</u>

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Sundry income	49,528	-	49,528	6,662
Hire of facilities	284,219	-	284,219	57,172
Staff services consultancy	8,655	-	8,655	43,443
	<u>342,402</u>	<u>-</u>	<u>342,402</u>	<u>107,277</u>

**6 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Investment income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 7 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2017 £	Total 2016 £
<b>Academy's educational operations</b>					
Direct costs	638,520	-	75,371	713,891	392,843
Allocated support costs	261,995	262,523	395,451	919,969	543,984
	<u>900,515</u>	<u>262,523</u>	<u>470,822</u>	<u>1,633,860</u>	<u>936,827</u>

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

	Total 2017 £	Total 2016 £
Operating Lease rentals	7,300	3,570
Depreciation	180,289	103,172
Fees payable to auditor:		
Audit	10,000	12,500
Other services	500	-
	<u>198,089</u>	<u>119,242</u>

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

	Total 2017 £	Total 2016 £
<b>Direct costs – educational activities</b>	<b>713,891</b>	<b>392,843</b>
<b>Support costs - educational activities</b>	<b>919,969</b>	<b>543,984</b>
	<u>1,633,860</u>	<u>936,827</u>
<b>Allocated support costs</b>		
Support staff costs	261,995	166,116
Depreciation	180,289	103,172
Technology Costs	26,666	24,213
Premises costs	262,522	107,656
Other support costs	140,431	96,307
Governance costs	48,066	46,520
	<u>919,969</u>	<u>543,984</u>

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 9 Staff

#### (a) Staff costs

	2017	2016
	£	£
Staff costs during the period were :		
Wages and salaries	704,621	408,625
Social security costs	55,022	26,036
Operating costs of defined benefit pension schemes	140,872	46,304
Apprentice levy	-	-
	<u>900,515</u>	<u>480,965</u>
Supply staff costs	-	16,598
Staff restructuring costs	-	-
	<u>900,515</u>	<u>497,563</u>

#### (b) Staff numbers

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

	2017	2016
	Number	Number
Charitable activities		
Teachers	8	3
Administration and support	18	5
Management	2	2
	<u>28</u>	<u>10</u>

#### (c) Higher paid staff

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

	2017	2016
	Number	Number
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>

#### (d) 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 £222,250 (2016: £365,705).

## Notes to the financial statements for the year ended 31 August 2017 *(continued)*

### 10 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 members under their contracts of employment. The only exception to this was travel and subsistence expenses totalling £255 paid directly to 1 trustee. (2016: £1,800 to 5 trustees).

Other related party transactions are set out in Note 27.

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 the academies for these services on the following basis:

- 4.9% of the total General Annual Grant allocation from the ESFA and 4.9% of the Dedicated Schools Grant Early Years funding allocation from the local authority. This is a change from the previous policy of charging 4.9% of the total General Annual Grant allocation if the School was full.

The actual fee charged to Inspire Academy included £32,500 (50%) of the notional fee from 2015/16. The actual fee charged to Discovery was reduced by £5,000 to reflect the reduced budget available to the School in 2016/17.

The actual amounts charged to academies during 2016/17 are as follows:

	2017 £	2016 £
Inspire	60,000	32,500
Discovery	15,000	-
	<u>75,000</u>	<u>32,500</u>

### 11 Trustees' and Officers' insurance

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

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 12 Tangible Fixed assets

	Leasehold land and buildings £	ICT equipment £	Furniture and equipment £	Total £
<i>Cost</i>				
At 1 September 2016	6,122,669	94,719	113,090	6,330,478
Additions	7,882,299	42,740	11,356	7,936,395
Disposals	-	-	-	-
At 31 August 2017	14,004,968	137,459	124,446	14,266,873
<i>Accumulated depreciation</i>				
At 1 September 2016	48,981	31,573	22,618	103,172
Charged in year	113,032	42,368	24,889	180,289
Disposals	-	-	-	-
At 31 August 2017	162,013	73,941	47,507	283,461
<i>Net book values</i>				
At 31 August 2017	13,842,955	63,518	76,939	13,983,412
At 1 September 2016	6,073,688	63,146	90,472	6,227,306

The trust's transactions relating to land and buildings include the acquisition of the 125 year peppercorn leasehold on Discovery Academy which was donated to the trust at a value of £7,739,251.

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.

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

### 13 Debtors

	2017 £	2016 £
Trade debtors	57,017	5,582
VAT Recoverable	38,933	70,686
Other debtors	-	4,671
Prepayments and accrued income	10,271	-
	<u>106,221</u>	<u>80,939</u>

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	7,483	127,993
Other taxation and social security	-	-
ESFA Creditor: Abatement of grant	27,107	-
Other creditors	12,168	-
Accruals and deferred income	147,017	16,500
	<u>193,775</u>	<u>144,493</u>
<b>Deferred Income</b>		
Deferred Income at 1 September 2016	-	-
Released from previous years	-	-
Resources deferred in the year	46,579	-
	<u>46,579</u>	<u>-</u>
Deferred income at 31 August 2017	<u>46,579</u>	<u>-</u>

At the balance sheet date the academy trust was holding funds received in advance for Pupil Premium grant and Universal Infant Free School Meals grant for the Autumn term 2017.

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

	2017 £	2016 £
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.

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 16 Funds

	Balance at 1 September 2016 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	673,708	(623,708)	-	50,000
Start up grant from local authority	30,524	316,438	(346,962)	-	-
Pupil premium	-	35,420	(35,420)	-	-
Other ESFA/DFE grant	62,668	70,682	(133,350)	-	-
Other government grants	13,428	-	(13,428)	-	-
Governance costs	(34,020)	-	34,020	-	-
Pension reserve	(10,000)	-	(47,000)	7,000	(50,000)
Other grants	-	-	-	-	-
	<u>62,600</u>	<u>1,096,248</u>	<u>(1,165,848)</u>	<u>7,000</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DFE/ESFA grants	-	4,745	(4,745)	-	-
Donated assets from local authority	6,227,306	7,739,251	(148,289)	-	13,818,268
	<u>6,227,306</u>	<u>7,743,996</u>	<u>(153,034)</u>	<u>-</u>	<u>13,818,268</u>
<b>Total restricted funds</b>	<u>6,289,906</u>	<u>8,840,244</u>	<u>(1,318,882)</u>	<u>7,000</u>	<u>13,818,268</u>
<b>Total unrestricted funds</b>	<u>26,204</u>	<u>467,166</u>	<u>(314,978)</u>	<u>-</u>	<u>178,392</u>
<b>Total</b>	<u>6,316,110</u>	<u>9,307,410</u>	<u>(1,633,860)</u>	<u>7,000</u>	<u>13,996,660</u>

The specific purposes for which the funds are to be applied are as follows: General Annual Grant and the Start Up Grant from the Local Authority must be used for the normal running costs of the Trust and Academies. The restricted fixed asset funds primarily relate to the donated land and buildings at Discovery Academy. The majority of the unrestricted funds were from the local authority who used fire insurance claim funding to pay for accommodation rental for a special school within the Inspire building for a temporary period. The intention is to utilise the remaining unrestricted funds from those grants to support costs over the next three financial years at the existing Schools within the Trust. Both of the Academies are newly opened Schools with relatively low numbers of children and are reliant on one off temporary funding allocations from the Local Authority during the first few years after they open. This is due the relative disproportionate cost of operating Schools that only have some year groups with children in them.

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 16 Funds (continued)

Analysis of Academies by fund balance:

	2017 £	2016 £
Inspire Academy	117,159	33,975
Discovery Academy	21,037	19,398
Carillion Academy Trust	90,196	45,431
<b>Total before fixed asset and pension reserve</b>	<b>228,392</b>	<b>98,804</b>
<b>Restricted fixed asset fund</b>	<b>13,818,268</b>	<b>6,227,306</b>
<b>Pension reserves</b>	<b>(50,000)</b>	<b>(10,000)</b>
<b>Total</b>	<b>13,996,660</b>	<b>6,316,110</b>

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
Inspire Academy	427,647	80,397	34,363	246,665	789,072
Discovery Academy	174,919	48,612	25,670	184,352	433,553
Carillion Academies Trust	35,955	132,986	15,337	46,669	230,947
	<b>638,521</b>	<b>261,995</b>	<b>75,370</b>	<b>477,686</b>	<b>1,453,572</b>

### 17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets	165,144	-	13,818,268	13,983,412
Current assets	307,023	50,000	-	357,023
Current liabilities	(193,775)	-	-	(193,775)
Non-current liabilities	(100,000)	-	-	(100,000)
Pension scheme liability	-	(50,000)	-	(50,000)
	<b>178,392</b>	<b>-</b>	<b>13,818,268</b>	<b>13,996,660</b>

## Notes to the financial statements for the year ended 31 August 2017 *(continued)*

### 18 Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	-	-

### 19 Commitments under operating leases

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

	2017 £	2016 £
Amounts due within one year	7,300	3,570
Amounts due between one and five years	18,330	10,709
Amounts after five years	-	-
	<u>25,630</u>	<u>14,279</u>

### 20 Reconciliation of net incoming resources to net cash inflow from operating activities

	2017 £	2016 £
Net Income	7,673,550	6,269,148
Adjusted for:		
Depreciation	180,289	103,172
Capital grants from DFE and other capital income (note 3)	(7,743,996)	(6,267,269)
Interest receivable (note 6)	-	-
Defined benefit pension scheme cost less contributions payable (note 26)	47,000	10,000
(Increase)/Decrease in debtors	(25,282)	15,921
Increase in creditors	49,282	57,944
Net cash inflow from operating activities	<u>180,843</u>	<u>188,916</u>

### 21 Cash flows from financing activities

	2017 £	2016 £
Repayments of borrowing	-	-
Net cash flow from financing activities	<u>-</u>	<u>-</u>

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 22 Cash flows from investing activities

	2017 £	2016 £
Purchase of tangible fixed assets	(197,144)	(63,209)
Capital grants from DfE/ESFA	4,745	-
Net cash flow from investing activities	<u>(192,399)</u>	<u>(63,209)</u>

### 23 Analysis of changes in net funds

	At 1 September 2016 £	Cash flows £	At 31 August 2017 £
Cash in hand and at bank	262,358	(11,556)	250,802
Debt due after more than 1 year	(100,000)	-	(100,000)
	<u>162,358</u>	<u>(11,556)</u>	<u>150,802</u>

### 24 Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand and at bank	<u>250,802</u>	<u>262,358</u>

### 25 Members' liability

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

### 26 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Greater Manchester Pension Fund (GMPF). Both are multi-employer defined benefit schemes.

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

Contributions amounting to £12,168 were payable to the schemes at 31 August 2017 (2016: £46,304) and are included within creditors.

## Notes to the financial statements for the year ended 31 August 2017 *(continued)*

### 26 Pension and similar obligations (continued)

#### Teachers' Pension Scheme

##### Introduction

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

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

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.
- During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £58,546 (2016: £35,304).

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

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.

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £47,000 (2016: £11,000), of which employer's contributions totalled £35,000 (2016: £8,000) and employees' contributions totalled £12,000 (2016: £3,000). The agreed contribution rate for the Trust is 17.2% per cent for employers. The LGPS employee contribution rates are banded based on salary earned and the employee salary bands and corresponding contribution rates are as follows:

Actual Pensionable Pay	Employee contribution rate %
Up to £13,700	5.50%
£13,701 - £21,400	5.80%
£21,401 - £34,700	6.50%
£34,701 - £43,900	6.80%
£43,901 - £61,300	8.50%
£61,301 - £86,800	9.90%
£86,801 - £102,200	10.50%
£102,201 - £153,300	11.40%
£153,301 or more	12.50%

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:

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.2%	3.4%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%
Inflation assumption (CPI)	2.4%	2.1%
Commutation of pensions to lump sums	50%	50%

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

	2017	2016
<i>Retiring today:</i>		
Males	21.5 years	21.4 years
Females	24.1 years	24.0 years
<i>Retiring in 20 years:</i>		
Males	23.7 years	24.0 years
Females	26.2 years	26.6 years

Sensitivity Analysis	At 31 August 2017 £	At 31 August 2016 £
The impact on scheme liabilities is set out below:		
0.5% increase in the salary increase rate	-	-
0.5% decrease in real discount rate	23,000	5,000
0.5% increase in the pension increase rate	23,000	5,000

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 26 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 2017 £	Fair value at 31 August 2016 £
Equities	49,000	8,640
Government bonds	11,000	2,040
Property	4,000	720
Cash	3,000	600
	<u>67,000</u>	<u>12,000</u>

The actual return on scheme assets was £8,000 (2016: £7,000)

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

	2017 £
Current service cost	82,000
Interest on net liability	-
Pension expense	<u>82,000</u>

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 £nil.

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

	2017 £	2016 £
At beginning of year	22,000	-
Current service cost	82,000	11,000
Interest cost	1,000	-
Contributions by participants	12,000	3,000
Actuarial losses for liabilities	-	8,000
At end of year	<u>117,000</u>	<u>22,000</u>

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 26 Pension and similar obligations (continued)

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

	2017 £	2016 £
At beginning of year	12,000	-
Expected return in assets	1,000	-
Contributions by employer	35,000	8,000
Contributions by participants	12,000	3,000
Actuarial gains on assets	7,000	1,000
	<hr/>	<hr/>
At end of year	67,000	12,000
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2018 is £35,000.

	2017 £
Present value of defined benefit obligations	(117,000)
Fair value of share of scheme assets	67,000
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Deficit in the scheme	(50,000)
	<hr/>

### 27 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 £187,406 (2016: £72,370) plus an additional £53,205 (2016: £24,002) in relation to the provision of a school meal and meeting refreshments service to both academies.