

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

ArmstrongWatson[®]
Accountants, Business & Financial Advisers

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

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CIDARI EDUCATION LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members:

Bishop of Blackburn	Rt. Rev. Julian Henderson
Bishop of Burnley	Rt. Rev. Philip North
Bishop of Lancaster	Rt. Jill Duff
Archdeacon of Blackburn	Ven. Mark Ireland
Archdeacon of Lancaster	Vacant
Chair of DBF	Canon John Dell

Trustees:

Chief Executive Office/Accounting Officer	Peter Ashworth
Chairman	Ven. Michael Everitt (resigned 31 July 2019)
Chairman	Rev. Nick McKee (appointed 1 September 2019)
Deputy Chairman	Graeme Pollard
Trustee	Stephen Whittaker
Trustee	Helen Thomas
Trustee	Sam Johnson
Trustee	Angus McLeod
Trustee	Graham Warnock
Trustee	Jo Venn
Trustee	Laurence Upton (appointed 1 February 2019)
Trustee	Rev. Nick McKee (appointed 1 February 2019)

Senior Management Team:

Chief Executive Officer	Peter Ashworth
Head of Operations	Matthew McIver
Head of Finance	Wayne Hope
Principal of St George's School	Graham Warnock
Principal of St Luke & St Phillip's Primary School	Samantha O'Connell
Principal of Darwen St James' CE Primary Academy	Laura Peckson (appointed 29 October 2018)
Principal of St Barnabas' Primary School	Helen Thomas
Principal of St Aidan's Primary School	Debbie Greenwood
Principal of Baines Endowed Primary School	Debi Ruisling
Principal of Great Marsden St John's Primary School	Michaela Underwood
Principal of Newchurch St Mary's Primary School	Pauline Nightingale
Principal of St Silas Primary School	Michele Battersby

Company Name: Cidari Education Limited

Company Secretary: Ron Matthews

Company registration number: 08822760

**CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Principal & Registered Office:	Clayton House Walker Park Blackburn Lancashire BB1 2QE
Independent Auditors:	Armstrong Watson 15 Victoria Place Carlisle CA1 1EW
Bankers:	Lloyds Bank plc Church Street Blackburn BB2 1JQ
Solicitors:	Forbes Greenbank Court Challenge Way Greenback Business Park Blackburn BB1 5QB

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates seven primary academies for pupils aged 4 to 11 and one secondary academy for pupils aged 11 to 16 in the Diocese of Blackburn, Lancashire. Its academies have a combined pupil capacity of 3114 and had a roll of 2844 in school.

Structure, Governance and Management

Constitution

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

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

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.

Trustees' Indemnities

The Multi 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.

Method of Recruitment and Appointment or Election of Trustees

The Members are responsible for the appointment of Trustees to fill any vacancies amongst the seven foundation trustees. This may be reflected in the appointment of officers, or former officers, of the Diocese or other individuals in the community recognised for their strong faith beliefs but not necessarily within the Church of England.

Provision is also made for two members of staff to serve on the board drawn from amongst the Heads within the trust, one from a secondary academy and one from a primary academy. Such appointments would be considered, following an election process, from amongst their peers, should one be required following the nomination process.

Finally there is provision for the appointment of two members of the Local Governing Committees serving the academies of the trust. Again such appointments would be considered, following an election process, from amongst their peers, should one be required.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and Induction for Trustees is based on their individual requirements and their level of experience. The staff and those appointed via the Local Governing Committee will have undergone regular training at network training events run by the Trust.

Foundation Trustees are taken through all necessary processes via the various officers of the trust.

A formal policy and procedure for the future training and induction of new Directors has been developed.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Organisation Structure

The scheme of delegation developed by the trust in line with the article of association clearly defines the level of delegation and areas of responsibility. This indicates the delegations to Headteachers, Local Governing Bodies, management of the trust and those responsibilities reserved for Directors and Members.

The Chief Executive Officer is the accounting officer of the trust.

The board of directors, having commenced the year meeting on a termly basis have now drawn up a structure which includes the following Committees:

- Finance and Audit
- Our People; &
- Quality and Standards.

Each Committee has produced and agreed clear Terms of Reference to define their activities.

The Directors are responsible specifically for upholding the Christian Faith, setting general policy, adopting an annual plan and budget, monitoring the academies through the use of their budgets, capital expenditure and senior staff appointments. They also monitor the academic performance of all academies.

The Directors manage the academies at an executive level, whilst the Senior Leadership Teams in each academy implement the policies laid down for them by the Directors. They are also responsible, in line with the scheme of delegation, for the authorisation of spending within agreed budgets and Financial Regulations and the appointment of the majority of staff.

Arrangements for setting pay and remuneration of key management personnel

The Cidari Education Trust follows the Pay and Review Policy which is endorsed annually by the Members with regards to setting of key management personnel pay. Headteacher appraisal / performance management is completed by the Head of Education and the Local Governing Committee. The parallel process for Deputy Head and Assistant Headteachers is completed by the Headteacher and the Local Governing Committee. CEO appraisal is completed by the Chair and Vice Chair of the Trust Board and Central Team staff are appraised by the CEO.

Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO & Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Deputy Head and Assistant Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO & Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Central Team: After the appraisal cycle is completed, the recommended (and where appropriate) increase in band is sent by the CEO to the 'Our People Committee' (or in the case of the CEO, the Chair of the Board). Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

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Trade Union Facility Time

Relevant union officials:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time spent on facility time	Number of employees
0%	2
1% - 50%	
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£9,142,651
Provide the percentage of total bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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Related Parties and other Connected Charities and Organisations

The Diocese of Blackburn is the main related party to the Trust through the Diocesan Board of Education and the Diocesan Board of Finance.

The Members of the trust are the people as identified on page 1. Their involvement in the day to day activities of the trust are confined to those activities and delegations outlined in the scheme of delegation and those contained within the Article of Association.

They are also responsible for holding the Annual General Meeting of the Company, last held on 14 January 2019,

During the year ended 31 August 2019 1 academy joined the Trust.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities

Objects and Aims

The principle activities of the trust are set out in its articles of association and mission statement namely:

- 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 Academies which shall offer a broad and balanced curriculum and which shall include:
- i. Academies other than those designated Church of England, whether with or without a designated religious character,
 - ii. Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Blackburn Diocesan Board of Education,

But in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England, and;

- b) Providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of the United Kingdom especially those who have need of such facilities by reason of their youth, age, infirmity, disablement or poverty of social and/or economic circumstances.

The Benefits of joining the Cidari Multi Academy Trust

Under the vision statement of "**Distinctive Academies, Empowered to work together for excellence through shared Christian values**", the board of trustees established the core aims of being a member of Cidari Multi Academy Trust as follows:

Distinctiveness

To recognise, encourage and promote the distinctiveness of our Academies, and empower them to thrive within the communities they serve.

Achievement

To create a culture that fosters academic achievement, nurtures initiative and rewards success.

Christian Ethos

To prepare our pupils for world citizenship both explicitly and implicitly through core Christian values such as responsibility, acceptance, truth and justice, and for these to be reflected in all aspects of the curriculum offered.

Governance and Accountability

To provide strong and robust Governance and systems to ensure compliance and reassurance around areas of risk.

Our People

To become an employer of choice where all colleagues are supported and encouraged to achieve our mutual ambitions in an environment of equality, accountability and reward.

Aspirational

To achieve excellence in all we do by working collaboratively to deliver world class systems and measures to achieve the aspirations of our pupils, colleagues and leaders.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Safeguarding & Wellbeing

To ensure that our Academies are a safe environment for all who use them with the wellbeing of our pupils and colleagues at the forefront of all we strive to achieve.

Facilities & Resources

To invest in world class facilities by creating key partnerships with industry leaders to deliver end user benefits in buildings, ICT and resources.

Objectives, Strategies and Activities of the Trust

To meet these priorities, the trust has appointed (or seconded) an operational team who have adopted a number of strategies and activities that include:

- Regular Network meetings for Headteachers, Business Managers and Governors;
- Offer central support for recruitment, payroll and financial assistance;
- Encourage sharing of best practice amongst academies;
- Offer support and advice to the Local Governing Bodies and where necessary sourcing additional governors. This included support from a National Leader of Governance;
- Work in partnership with the Blackburn Diocesan Board of Education to develop the Christian distinctiveness of each academy so they can provide an inspirational and holistic education which enables all children and staff to develop and achieve their full potential.

Public Benefit

Trustees have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the Multi Academy Trust's objectives is to advance, for the public benefit, education in the United Kingdom.

Achievements and Performance

The Cidari Multi Academy Trust achievements in 2018 – 2019 include:

- The on-going close working relationship between all academies and the central team to share knowledge and expertise, to seek out best practice and to realise the vision for the trust.
- A close working relationship with the Regional Schools Commissioner and the DfE
- Development of a model membership format for Local Governing Committees
- Development of effective, centralised recruitment processes.
- Strong record of Ofsted Inspection Outcomes

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The performance of Academies in Cidari Multi Academy Trust is shown in the tables below:

Current Ofsted Grading

0 Academies are graded as Outstanding	0%	2020 Prediction	0%
6 Academies are graded as Good	67%	2020 Prediction	89%
1 Academies are graded as Requires Improvement	11%	2020 Prediction	11%
2 Academies is still graded as Inadequate	22%	2020 Prediction	0%

Trust target: By the end of 2019 – all academies will be Good or better under the Common Inspection Framework and Evaluation Schedule

Early Years Foundation Stage (EYFS)

	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	National	Trust
GLD 2019	73%	75%	76%	59%	66%	57%	66%	100%	73%	72%

2019 National Average not yet know as of 31st August 2019

Year 1 Phonics

	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	National	Trust
Yr1 2019	86%	79%	93%	79%	95%	72.5%	73%	100%	84%	84.6%

2019 National Average not yet know as of 9th July 2019

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2019 Key Stage 1 Results

	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	National	Trust
Reading	69%	74%	86%	56%	78%	65%	60%	86%	75%	72.8%
Writing	71%	66%	80%	53%	70%	48%	64%	72%	68%	65%
Maths	71%	74%	86%	56%	67%	63%	57%	86%	75%	70%

2019 National Average not yet know as of 31st August 2019

2019 Key Stage 2 Results

	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	National	Trust
Reading	76%	39%	80%	54%	54%	55%	58%	100%	73%	64.5%
Writing (TA)	78%	61%	80%	47%	63%	65%	65%	87.5%	78%	68.5%
GPS	84%	56%	83%	64%	75%	77%	84%	87.5%	78%	76.3%
Maths	83%	44%	83%	61%	71%	73%	68%	75%	79%	70%
Combined	69.4%	39%	77%	43%	42%	50%	52%	65%	65%	54.7%

DfE continue to assert that 2019 outcomes cannot be 'directly' compared. -11% to National RWM

2019 Key Stage 2 HS/GDS Results

2019 National Average for HS/GDS not yet know as of 31st August 2019

	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	National	Trust
Reading	21%	11%	27%	11%	21%	13%	19%	12.5%	%	
Writing (TA)	11%	11%	20%	0%	8%	5%	23%	37.5%	%	
GPS	52%	22%	57%	25%	29%	18%	23%	25%	%	
Maths	19%	5.5%	40%	18%	8%	15%	16%	0%	%	

St George's KS4 GCSE Outcomes

	2019 Outcomes
Progress 8 Score	+0.03 □
Progress 8 Score Disadvantaged	-0.13 □
	Gap = -0.18 □
GCSE 5 + (English & Maths)	41% □
GCSE 4 + (English & Maths)	69% □

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Attendance Data

Basic Attendance	Baines'	DSJ	St B	St A	SLSP	St S	GMSJ	St MN	StG	National	Trust
2018-2019	96%	95.5%	97.9%	95%	96%	96%	96%	97%	95%	96%	96%□

Secondary National Average for attendance in 2016, 2017 & 2018 was 95%. 2018-19 attendance data is as of 8-7-19

The overall Cidari attendance target is 96% (in-line with the national expectation for Primary).

Key Stage 2 Progress Grids 4 Year Trend (With 2019 Progress data)

Baines' Endowed	2016	2017	2018	2019
Reading	-1.9	1.8	0.2	-0.6
Writing	0.9	0.6	0.1	-1.1
Maths	0.5	2.1	2.3	0.1

St Barnabas	2016	2017	2018	2019
Reading	-1.9	2.8	1.5	-1.0
Writing	0	4.6	3.1	-1.2
Maths	-0.7	2.6	3.1	0.9

St Mary's N'Church	2016	2017	2018	2019
Reading	-1.2	0.9	3.4	2.2
Writing	-7	3.3	7.5	4.2
Maths	1.2	1.9	3.3	-1.5

St Luke & St Phillip's	2016	2017	2018	2019
Reading	-2.8	-4.1	-0.1	-0.8
Writing	-0.1	-0.8	-0.3	0.0
Maths	-1.8	-3.3	-2.3	-0.7

St Aidan's	2016	2017	2018	2019
Reading	-1.9	-5	-1.1	0.2
Writing	-0.1	-4.1	-1.8	-3.7
Maths	0.1	-2	-2.6	0.2

Darwen St James	2016	2017	2018	2019
Reading	-5	-1.4	-3.2	-4.8
Writing	-1.6	-2.5	-1.4	0.06
Maths	-1.4	-5	-4.1	-2.5

Gt Marsden St J	2016	2017	2018	2019
reading	-0.1	3.2	1.1	2.3
Writing	1.9	2.8	-0.7	3.0
Maths	-1.9	-0.4	-1.3	1.3

St Silas	2016	2017	2018	2019
Reading	-3	-5	-1.8	-0.3↑
Writing	-1.7	0.5	-1.1	-0.41↑
Maths	-0.3	-2.6	-1.0	0.53↑

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TRUSTEES' REPORT
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Going Concern

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

Financial Review

The principal source of funding for the trust is the General Annual Grant (GAG), together with Pupil Premium and Start-up Grants (SUG). Expenditure has supported the key financial objectives of the trust which are to enable all students to access an outstanding education whilst ensuring the trust employs and retains outstanding leaders and practitioners and at the same time using financial resources prudently and responsibly.

Funding from the Academy Trust's Educational Operations amounted to £14,951,200 (2018:£13,123,714). Transfers on conversion were -£488,538 (deficit) (2018: £884) and total income was £15,237,921 (2018: £14,473,241). Costs in respect of the Academy Trust's educational activity amounted to £16,760,888 (2018: £14,317,211) and total costs, before gains on the LGPS pension scheme of £2,388,000 (2018 £876,000), were £16,881,411 (2018: £14,402,417).

Balances carried forward to 2019/20 on the various funds are as follows:

• Unrestricted funds	£ 636,452
• Restricted general funds	(£ 8,915,000) (deficit on LGPS pension scheme)
• Restricted fixed asset funds	£16,139,194
• Total	£ 7,860,646

Cash at bank and on hand at 31st August 2019 amounted to £1,543,124 (2018: £1,758,882). A substantial portion of the movement in funds relates to Condition Improvement Funding expended on capital projects.

Reserves Policy

The trustees review the reserve levels of each academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. It is expected as a Trust to retain £500,000 of global income in reserves. Where this is not already the case, academies are expected to develop a long-term financial plan to achieve this target. The level of reserves will be reviewed and adjusted, if necessary, as new academies join the multi academy trust. Reserves are held to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The trust had £636,452 in unrestricted general funds at 31 August 2019.

Investment policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments is one of minimum risk, with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments. A formal Investment Policy was agreed at the Finance and Audit Committee on 19 October 2017.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Principle Risks and Uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has addressed these risks by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this by developing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting the key risks are:

- The risk of achievements in core subjects being below expectations;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, safeguarding and the Prevent duty, the Charity Commission and the national curriculum;
- Financial Risk – not operating within budget, both centrally and in each individual academy, and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information;
- Conditions of buildings acting as a barrier to achievement or being a health and safety risk.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risk to which the multi academy trust is exposed has been identified as deficit budgets at three of the academies. Management action has been taken to address this risk and a planned programme to achieve a balanced budget as quickly as possible has been developed.

The central support team budget was also in deficit and again action was taken to mitigate the situation to ensure a balanced budget in the future.

The board of Trustees has been kept fully informed of these issues and took the necessary decisions to ensure the above actions were implemented.

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Fundraising

Cidari does not actively fundraise on behalf of the trust.

Plans for Future Periods

It is intended that the board of trustees will revisit its strategic direction during the financial year 2019/20 to ensure that a managed growth of the trust ensures that any such future risks, as identified above, are mitigated.

Auditor

Insofar as trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- 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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17 December 2019 and signed on the board's behalf by:



Rev. Nick McKee
Chair of Trustees
17 December 2019

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cidari Education Limited 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:

Trustees	Meetings attended	Out of a possible
Michael Everitt	2	4
Graeme Pollard	4	4
Peter Ashworth	4	4
Stephen Whittaker	4	4
Helen Thomas	4	4
Sam Johnson	2	4
Angus McLeod	3	4
Graham Warnock	4	4
Jo Venn	4	4
Laurence Upton	2	2
Nick McKee	2	2

Governance Reviews

The board of Trustees met during the first half of 2019 to explore the strategic direction of the trust and also to review its approach to governance.

Plans are in place to undertake a similar exercise each year together with a skills audit, a self-evaluation review and a committee and chairs review.

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Cidari Trust Board now comprises 10 Directors (of which one is the Chair of the Trust Board) and meets a minimum of three times each year.

Chair of the Board: Ven. Michael Everitt (Resigned 31 July 2019)

Board Member: Sam Johnson

Board Member: Angus McLeod

Board Member: Graham Warnock

Board Member: Helen Thomas

Board Member: Stephen Whittaker

Vice Chair of the Board: Graeme Pollard

Board Member: Peter Ashworth

Board Member: Jo Venn

Board Member: Laurence Upton (Appointed 1 February 2019)

Board Member: Rev. Nick McKee (Appointed 1 February 2019)

Reporting into the Trust Board are 3 sub committees, the membership of which is derived from the Trust Board

- | | |
|-----------------------------------|----------------------|
| 1. Finance and Audit Committee: | Chair – Angus McLeod |
| 2. Quality & Standards Committee: | Chair – Sam Johnson |
| 3. Our People Committee: | Chair – Vacant |

The Committee structure and membership was effective from 1 June 2015 as detailed below. The board assumed detailed responsibility for all areas of governance prior to the 1 June 2015.

Finance & Audit Committee

The Finance & Audit Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

- Subject to the responsibilities of the board and the scheme of delegation to advise the trust on all aspects of the Company's finances, financial policies, controls and strategy, strategic planning (relating to finance) and capital development.
- Ensure that the internal control systems of the trust, including audit activities and risk management and any of its subsidiaries are monitored actively, independently and objectively in order to:-
 - consider the adequacy and effectiveness of the trust's internal control systems and the extent to which they can be relied upon;
 - reinforce the independence and effectiveness of the internal audit function;
 - provide a sounding board for management on issues of concern in connection with the internal control systems and risk management;
 - advise on the reliability of the trust's information and risk management systems; and
 - underpin the objectivity and independence of the external auditors.
- To provide a medium of communication from the Trust's auditors which is not controlled by management.

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019**

Nick McKee who joined the Board during the year was also appointed to the committee. Attendance at meetings in the period 1 Sept 2018 to 31 August 2019 was as follows:

Trustee	Meetings attended	Out of a possible
Angus McLeod	3	4
Graeme Pollard	3	4
Stephen Whittaker	4	4
Peter Ashworth	4	4
Nick McKee	1	2

Quality and Standards Committee

The Quality and Standards Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

‘To monitor and review the quality and performance of education in all the trust’s academies.’

Attendance at meetings in the period 1 Sept 2018 to 31 August 2019 was as follows:

Trustee	Meetings attended	Out of a possible
Sam Johnson	3	3
Peter Ashworth	3	3
Helen Thomas	3	3
Jo Venn	3	3
Graham Warnock	2	3
Michaela Underwood (Co-opted)	1	3

Our People Committee

The Our People Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

‘The Committee will ensure that all matters in relation to staff, their pay and performance, have policies and procedures in place and are regularly reviewed and monitored.’

Attendance at meetings in the period 1 September 2018 to 31 August 2019 was as follows:

Trustee	Meetings Attended	Out of possible
Angus McLeod	1	1
Stephen Whittaker	1	1
Laurence Upton (Co-opted)	1	1

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Review of Value for Money

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

- The performance of Academies in the trust are set out on pages 8 to 10. The results for Key Stage 4 at St George's School recorded a 0.21 improvement in the Progress 8 measure. Within the primary academies there has been an overall improvement in performance at EYFS and at Key Stage 1. At Key Stage 2 there is continued improvement with regards to outcomes with 3 academies achieving above national levels of performance, 1 academy closing the gap to national levels of performance and 4 academies continuing to make progress towards national levels of performance.
- All academies are above the 2018-19 progress floor standard set by the DfE. By definition no Cidari Academy is reported as being 'coasting'.
- The centralisation of payroll has allowed the trust to monitor staff costs and remove duplication from the payroll processing cycle. All academies in the trust are paid by a single payroll provider and fortnightly and mid-month payrolls have been transferred to a single monthly payroll. This has improved efficiency, control and value for money across the trust.
- Monthly financial reporting and budget monitoring is carried out by the trust's central team with the support of Business Managers in each Academy. This standardised approach to financial reporting has allowed greater comparability across schools which lays a foundation for delivering savings through centralised procurement of goods and services in the year ahead.

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 Cidari Education Limited for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Risk and Control Framework

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

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

The board prepared an invitation to tender for the provision of an internal audit service during last year. However, due to the budgetary constraints noted in the Trustees' Report, the trust took a decision to defer. This decision was to be reviewed before September 2018 when it was again decided to defer an appointment at the present time. However, the finance consultant has this year undertaken an audit visit to each academy. In the interim the trust considered that existing arrangements were sufficiently robust to mitigate identified risks. The current arrangements include a robust due diligence process during academy conversions, monthly School Business Manager network meetings, central review of financial processes with monthly meetings with School Liaison Consultant.

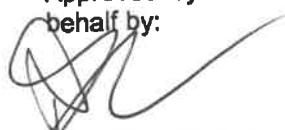
Review of Effectiveness

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

- the work of the external auditor;
- the financial management process;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework; and
- the work of the School Liaison and Finance Consultant

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance and Audit committees 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 17 December 2019 and signed on its behalf by:


Rev. Nick McKee
Trustee


Peter Ashworth
Accounting Officer

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL
REPORT AND THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 group 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 17 December 2019 and signed on its behalf by:


Rev. Nick McKee
Chair of Trustees

**CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Cidari Education Limited I have considered my responsibility to notify the multi academy trust's 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 2018.

I confirm that I and the multi academy trust board of trustees are able to identify any material irregular or improper use of funds by the 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.

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.



Peter Ashworth
Accounting Officer
17 December 2019

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI
EDUCATION LIMITED**

Opinion

We have audited the financial statements of Cidari Education Limited (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI
EDUCATION LIMITED (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI
EDUCATION LIMITED (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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

Joanna Gray (Senior Statutory Auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Carlisle

Date:

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CIDARI
EDUCATION LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated [enter date here] and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cidari Education Limited during the year 1 September 2018 to 31 August 2019 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 Cidari Education Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cidari Education Limited and 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 Cidari Education Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cidari Education Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Cidari Education Limited's funding agreement with the Secretary of State for Education dated [enter date here] and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by 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's income and expenditure.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Joanna Gray FCA

Armstrong Watson Audit Limited

Date:

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer from local authority on conversion		-	(548,491)	59,953	(488,538)	-
Other donations and capital grants		10,347	-	265,515	275,862	782,662
Charitable activities		-	14,951,200	-	14,951,200	13,123,714
Other trading activities	5	498,123	-	-	498,123	565,791
Investments	6	1,274	-	-	1,274	1,074
Total income		509,744	14,402,709	325,468	15,237,921	14,473,241
Expenditure on:						
Raising funds		120,543	-	-	120,543	85,206
Charitable activities	7,8	446	15,915,381	845,041	16,760,868	14,317,211
Total expenditure		120,989	15,915,381	845,041	16,881,411	14,402,417
Net income/(expenditure)		388,755	(1,512,672)	(519,573)	(1,643,490)	70,824
Transfers between funds	20	(359,251)	68,672	290,579	-	-
Net movement in funds before other recognised gains/(losses)		29,504	(1,444,000)	(228,994)	(1,643,490)	70,824
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(2,388,000)	-	(2,388,000)	876,000
Net movement in funds		29,504	(3,832,000)	(228,994)	(4,031,490)	946,824

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Reconciliation of funds:					
Total funds brought forward	606,948	(5,083,000)	16,368,188	11,892,136	10,945,312
Net movement in funds	29,504	(3,832,000)	(228,994)	(4,031,490)	946,824
Total funds carried forward	636,452	(8,915,000)	16,139,194	7,860,646	11,892,136

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 58 form part of these financial statements.

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

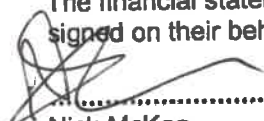
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	15,946,530	15,741,214
		<u>15,946,530</u>	<u>15,741,214</u>
Current assets			
Stocks	15	51,265	27,386
Debtors	16	834,400	658,550
Cash at bank and in hand		1,543,124	1,758,882
		<u>2,428,789</u>	<u>2,444,818</u>
Creditors: amounts falling due within one year	17	(1,268,295)	(1,210,896)
Net current assets		<u>1,160,494</u>	<u>1,233,922</u>
Total assets less current liabilities		<u>17,107,024</u>	<u>16,975,136</u>
Creditors: amounts falling due after more than one year	18	(331,378)	-
Net assets excluding pension liability		<u>16,775,646</u>	<u>16,975,136</u>
Defined benefit pension scheme liability	25	(8,915,000)	(5,083,000)
Total net assets		<u><u>7,860,646</u></u>	<u><u>11,892,136</u></u>

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2019 £	2018	2018 £
Funds of the academy					
Restricted funds:					
Fixed asset funds	20	16,139,194		16,368,188	
Restricted funds excluding pension asset	20	16,139,194		16,368,188	
Pension reserve	20	(8,915,000)		(5,083,000)	
Total restricted funds	20		7,224,194		11,285,188
Unrestricted income funds	20		636,452		606,948
Total funds			7,860,646		11,892,136

The financial statements on pages 25 to 58 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



.....
 Nick McKee
 (Chair of Trustees)
 Date:

The notes on pages 29 to 58 form part of these financial statements.

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	108,528	(2,840)
Cash flows from investing activities			
	23	(324,286)	518,961
Change in cash and cash equivalents in the year			
		(215,758)	516,121
Cash and cash equivalents at the beginning of the year		1,758,882	1,242,761
Cash and cash equivalents at the end of the year	24	1,543,124	1,758,882

The notes on pages 29 to 58 form part of these financial statements

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Cidari Education Limited meets the definition of a public benefit entity under FRS 102.

The presentational currency is in pounds sterling.

1.2 Going concern

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

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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 year 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 which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where 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 year it is receivable and to the extent the academy has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 Expenditure

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

CIDARI EDUCATION LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement bases 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 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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 the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Operating leases

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

1.13 Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

Retirement benefits to employees of the academy 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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Conversion to an academy trust

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for a deficit of £488,537. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Silas school to the academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The net deficit is made up of:

Fixed assets	£59,953
Net pension liability	(£701,000)
Net assets	£152,512

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Pension Liabilities

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2019. 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.

Critical areas of judgment:

Fixed Asset Valuation

Assets records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide a reasonable estimate of the value of the assets for initial recognition proposed but should be regarded as a significant estimate in relation to the accounts.

Fixed Asset Existence

The Trustees have concluded that the lease arrangements for the Academy Trust use of land and buildings owned by the Diocese do not transfer substantially all the risks and rewards of ownership to the Academy Trust.

CIDARI EDUCATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	10,347	-	10,347	19,174
Capital Grants	-	265,515	265,515	763,488
Transfer from local authority on conversion	-	(488,538)	(488,538)	-
	<u>10,347</u>	<u>(223,023)</u>	<u>(212,676)</u>	<u>782,662</u>
<i>Total 2018</i>	<u>9,264</u>	<u>773,398</u>	<u>782,662</u>	

4. Funding for the academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	13,500,203	13,500,203	12,026,656
Start up grants	42,000	42,000	28,000
Local authority grants	793,835	793,835	584,964
Other DfE/ESFA grants	615,162	615,162	484,094
Total 2019	<u>14,951,200</u>	<u>14,951,200</u>	<u>13,123,714</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Charity trading income	<u>498,123</u>	<u>498,123</u>	<u>565,791</u>

Charity trading income includes nursery fees, as well as income from trips, lettings, catering, music services, uniforms, supplier teacher insurance, rates relief and other sundry income.

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FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Short term deposits	1,274	1,274	1,074

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income:					
Direct costs	90,245	6,212	24,086	120,543	85,206
Educational operations:					
Direct costs	9,976,125	33,133	2,789,022	12,798,280	10,638,989
Allocated support costs	2,575,879	749,854	636,855	3,962,588	3,678,223
	<u>12,642,249</u>	<u>789,199</u>	<u>3,449,963</u>	<u>16,881,411</u>	<u>14,402,418</u>
Total 2018	<u>10,782,344</u>	<u>916,434</u>	<u>2,703,640</u>	<u>14,402,418</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	12,798,280	3,962,588	16,760,868	14,317,212
Total 2018	<u>10,638,989</u>	<u>3,678,223</u>	<u>14,317,212</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	1,988,879	1,988,879	1,746,066
Premises costs	749,854	749,854	669,036
Technology costs	193,476	193,476	182,151
Other support costs	775,646	775,646	827,010
Governance costs	254,733	254,733	253,960
	<u>3,962,588</u>	<u>3,962,588</u>	<u>3,678,223</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	79,249	78,629
Depreciation of tangible fixed assets	445,712	374,145
Fees paid to auditors for:		
- audit	27,250	27,450
- other services	18,121	7,025
	<u>790,332</u>	<u>887,249</u>

CIDARI EDUCATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	9,096,160	7,908,424
Social security costs	836,748	726,335
Pension costs	2,072,505	1,607,782
	12,005,413	10,242,541
	12,005,413	10,242,541
	2019	2018
	£	£
Agency staff costs	561,118	494,947
Severance payments	29,227	6,100
Other restructuring costs	46,491	38,756
	636,836	539,803
	636,836	539,803

b. Non-statutory/non-contractual staff severance payments

During the year £22,893 was paid to 4 members of staff for loss of service and £6,334 was paid in respect of post employment notice pay.

c. Staff numbers

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

	2019	2018
	No.	No.
Teachers	142	117
Administration and support	216	209
Management	26	21
	384	347
	384	347

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	7	5
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

Of the employees above, seven (2018 - six) participated in the Teachers' Pension Scheme and during the period pension contributions for these members of staff amounted to £57,216 (2018 - £55,211).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £966,779 (2018 - £983,158).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Central services

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

- Human resources
- Financial services
- Legal services
- Education support services
- Other as arising

The academy charges for these services on the following basis:

The trust charges for these services on a percentage basis dependent upon the Ofsted rating.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Baines' Endowed Primary School & Children's Centre	104,848	<i>104,876</i>
Great Marsden St John's Primary School	51,075	<i>50,676</i>
St Aidan's Primary School	50,091	<i>47,684</i>
Darwen, St Barnabas CofE Primary Academy	44,078	<i>43,620</i>
St George's School	254,267	<i>248,368</i>
Darwen St James CofE Primary Academy	38,394	<i>34,478</i>
St Luke and St Philips Church of England Primary School	50,478	<i>52,280</i>
Newchurch-In-Pendle St Mary's Church of England Primary School	10,648	<i>11,124</i>
St Silas CofE Primary School	130,000	<i>-</i>
Total	733,879	<i>593,106</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. 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 value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Peter Ashworth, Chief Executive	Remuneration	110,000 - 115,000	115,000 - 120,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000
Graham Warnock, Trustee	Remuneration	100,000 - 105,000	90,000 - 95,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Helen Thomas, Trustee	Remuneration	65,000 - 70,000	60,000 - 65,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year, retirement benefits were accruing to 3 Trustees (2018 - 3) in respect of defined contribution pension schemes.

During the year ended 31 August 2019, expenses totalling £1,719 were reimbursed or paid directly to 1 Trustee (2018 - £2,124 to 1 Trustee).

13. Trustees' and Officers' insurance

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

CIDARI EDUCATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Tangible fixed assets

	Leasehold land and buildings £	Fixtures and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2018	16,772,051	374,462	894,539	18,041,052
Additions	82,984	275,415	232,676	591,075
On acquisition of subsidiaries	-	31,000	28,953	59,953
At 31 August 2019	<u>16,855,035</u>	<u>680,877</u>	<u>1,156,168</u>	<u>18,692,080</u>
Depreciation				
At 1 September 2018	1,336,762	130,751	832,325	2,299,838
Charge for the year	305,390	60,079	80,243	445,712
At 31 August 2019	<u>1,642,152</u>	<u>190,830</u>	<u>912,568</u>	<u>2,745,550</u>
Net book value				
At 31 August 2019	<u>15,212,883</u>	<u>490,047</u>	<u>243,600</u>	<u>15,946,530</u>
At 31 August 2018	<u>15,435,289</u>	<u>243,711</u>	<u>62,214</u>	<u>15,741,214</u>

Expensed capital grant funding

It is the trust's policy not to capitalise assets relating to Church buildings that are leased on a supplemental agreement. During the year, no Condition Improvement Funding was expensed in the SOFA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Stocks

	2019 £	2018 £
Stock	51,265	27,386

16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	32,359	28,082
Other debtors	164,894	103,728
Prepayments and accrued income	637,147	526,740
	834,400	658,550

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	609,492	368,803
Pensions payable	63,244	6,131
Other creditors	130,506	319,541
Accruals and deferred income	465,053	516,421
	1,268,295	1,210,896
	2019 £	2018 £
Deferred income at 1 September 2018	247,568	260,264
Resources deferred during the year	220,707	247,569
Amounts released from previous periods	(247,568)	(260,265)
	220,707	247,568

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	2018 £
Trade creditors	29,693	-
Other creditors	301,685	-
	331,378	-

19. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	1,543,124	1,758,882
Financial assets that are debt instruments measured at amortised cost	81,508	28,083
	1,624,632	1,786,965
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(1,315,721)	(956,913)

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	606,948	509,744	(120,989)	(359,251)	-	636,452
Restricted general funds						
General Annual Grant (GAG)	-	12,535,418	(12,604,090)	68,672	-	-
Pupil premium	-	1,117,294	(1,117,294)	-	-	-
Start up grant	-	42,000	(42,000)	-	-	-
Other DfE/ESFA grants	-	615,162	(615,162)	-	-	-
Other grants	-	92,835	(793,835)	701,000	-	-
Pension reserve	(5,083,000)	-	(743,000)	(701,000)	(2,388,000)	(8,915,000)
	<u>(5,083,000)</u>	<u>14,402,709</u>	<u>(15,915,381)</u>	<u>68,672</u>	<u>(2,388,000)</u>	<u>(8,915,000)</u>
Restricted fixed asset funds						
Transfer on conversion	15,209,658	59,953	(328,202)	-	-	14,941,409
DfE/ESFA capital	966,779	262,426	(392,985)	(8,870)	-	827,350
Capital expenditure from GAG	180,763	-	(119,630)	299,449	-	360,582
Private sector capital sponsorship	10,988	3,089	(4,224)	-	-	9,853
	<u>16,368,188</u>	<u>325,468</u>	<u>(845,041)</u>	<u>299,579</u>	<u>-</u>	<u>16,139,194</u>
Total Restricted funds	<u>11,285,188</u>	<u>14,728,177</u>	<u>(16,760,422)</u>	<u>359,251</u>	<u>(2,388,000)</u>	<u>7,224,194</u>
Total funds	<u><u>11,892,136</u></u>	<u><u>15,237,921</u></u>	<u><u>(16,881,411)</u></u>	<u><u>-</u></u>	<u><u>(2,388,000)</u></u>	<u><u>7,860,646</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

Restricted funds

Restricted balances carried forward are for funding (cash) to be spent on charitable activities of the trust in accordance with the grant agreements.

General Annual Grant (GAG)

Funds received from the ESFA are applied to the charitable activities of the trust as defined in the funding agreements. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of General Annual Grants (GAG) that it could carry forward at 31 August 2019. Note 2 discloses that no funds were carried forward.

Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by Your Pension Scheme (YPS) – Lancashire. In the current financial year, the deficit on the fund has decreased to £8,915,000 (2018 - £5,083,000). The charge to the Income & Expenditure Account in the year was £743,000 (2018 - £431,000) and other recognised losses were £2,388,000 (2018 - £876,000 gain). A further £701,000 was recognised as an expense in the SOFA for business combinations relating to the acquisition of St Silas.

Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic years (as per the trust's fixed assets policy) and transfers between 918 are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these have been committed in future years for depreciation and amortisation.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the board of trustees to meet the charitable objectives of the academy trusts.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Baines' Endowed Primary School & Children's Centre	350,625	306,744
Great Marsden St John's Primary School	(41,325)	(41,703)
St Aidan's Primary School	71,033	58,703
Darwen, St Barnabas CofE Primary Academy	70,483	71,977
St George's School	570,727	627,624
Darwen St James CofE Primary Academy	15,866	(40,603)
St Luke and St Philips Church of England Primary School	(69,796)	(12,768)
Newchurch-In-Pendle St Mary's Church of England Primary School	(3,557)	16,212
St Silas CofE Primary School	71,101	-
Central Services	(398,705)	(379,238)
	636,452	606,948
Total before fixed asset funds and pension reserve		
Restricted fixed asset fund	16,139,194	16,368,188
Pension reserve	(8,915,000)	(5,083,000)
	7,860,646	11,892,136
Total		

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Great Marsden St John's Primary School	41,325
St Luke and St Philips Church of England Primary School	69,796
Newchurch-In-Pendle St Mary's Church of England Primary School	3,557
	114,678

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Statement of funds (continued)

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

Great Marsden St Johns Academy is carrying a deficit of £41,325 (2018: £41,703) on these funds due to legacy expenditure and agency costs).

The Trust is working with the academy to implement cost efficiencies and expects the academy to return to surplus over the next 2 – 3 years.

St Luke's and St Phillips is carrying a net deficit of £69,756 (2018: £12,768) on these funds due to school improvement and funding changes.

The Trust and Academy are working together to implement identified cost savings that will return the Academy to surplus over the next 3 years.

Newchurch St Mary's is carrying a net deficit of £3,557 (2018: surplus £16,212) due to a reduction in pupil numbers.

The trust and academy are working together to implement cost saving strategies to return the academy to surplus.

Central services is carrying a net deficit of £398,705 (2018: £379,238) on these funds due to initial costs incurred on the set up of the trust.

Central services has been structured to provide a small in year surplus and is planning and forecasting to reduce the deficit without impacting on the services provided to the academies.

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

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Baines' Endowed Primary School & Children's Centre	1,512,322	751,976	129,515	281,591	2,675,404	2,481,815
Great Marsden St John's Primary School	675,820	111,355	51,716	198,411	1,037,302	1,084,951
St Aidan's Primary School	632,557	154,721	41,078	185,335	1,013,691	998,875
Darwen, St Barnabas CofE Primary Academy	548,925	144,944	47,673	131,594	873,136	869,831
St George's School	3,907,083	581,633	448,078	609,866	5,546,660	5,343,568
Darwen St James CofE Primary Academy	605,726	168,846	29,434	189,841	993,847	1,007,063
St Luke and St Philips Church of England Primary School	769,157	155,962	47,969	124,135	1,097,223	1,143,802
Newchurch-In-Pendle St Mary's Church of England Primary School	210,337	30,109	14,211	81,425	336,082	390,807
St Silas CofE Primary School	978,185	192,889	64,588	171,817	1,407,479	-
Central Services	-	638,923	32,324	384,299	1,055,546	652,785
Academy	9,840,112	2,931,358	906,586	2,358,314	16,036,370	13,973,497

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

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General Funds - all funds	<u>477,783</u>	<u>576,129</u>	<u>(85,206)</u>	<u>(361,758)</u>	<u>-</u>	<u>606,948</u>
Restricted general funds						
General Annual Grant (GAG)	-	10,965,550	(11,299,129)	333,579	-	-
Pupil premium	-	1,061,106	(1,061,106)	-	-	-
Start up grant	-	28,000	(28,000)	-	-	-
Other DfE/ESFA grants	-	666,658	(666,658)	-	-	-
Other grants	-	402,400	(402,400)	-	-	-
Pension reserve	(5,528,000)	-	(431,000)	-	876,000	(5,083,000)
	<u>(5,528,000)</u>	<u>13,123,714</u>	<u>(13,888,293)</u>	<u>333,579</u>	<u>876,000</u>	<u>(5,083,000)</u>
Restricted fixed asset funds						
Transfer on conversion	15,502,076	-	(292,418)	-	-	15,209,658
DfE/ESFA capital	256,515	763,488	(55,224)	2,000	-	966,779
Capital expenditure from GAG	216,649	-	(62,065)	26,179	-	180,763
Private sector capital sponsorship	20,289	9,910	(19,211)	-	-	10,988
	<u>15,995,529</u>	<u>773,398</u>	<u>(428,918)</u>	<u>28,179</u>	<u>-</u>	<u>16,368,188</u>
Total Restricted funds	<u>10,467,529</u>	<u>13,897,112</u>	<u>(14,317,211)</u>	<u>361,758</u>	<u>876,000</u>	<u>11,285,188</u>
Total funds	<u>10,945,312</u>	<u>14,473,241</u>	<u>(14,402,417)</u>	<u>-</u>	<u>876,000</u>	<u>11,892,136</u>

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,946,530	15,946,530
Current assets	2,047,589	-	381,200	2,428,789
Creditors due within one year	(1,079,759)	-	(188,536)	(1,268,295)
Creditors due in more than one year	(331,378)	-	-	(331,378)
Provisions for liabilities and charges	-	(8,915,000)	-	(8,915,000)
Total	636,452	(8,915,000)	16,139,194	7,860,646

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,741,214	15,741,214
Current assets	1,817,842	-	626,977	2,444,819
Creditors due within one year	(1,210,896)	-	-	(1,210,896)
Provisions for liabilities and charges	-	(5,083,000)	-	(5,083,000)
Total	606,946	(5,083,000)	16,368,191	11,892,137

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22. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,643,490)	70,824
Adjustments for:		
Depreciation	445,712	374,146
Capital grants from DfE and other capital income	(325,468)	(763,488)
Interest receivable	(1,274)	(1,074)
Defined benefit pension scheme obligation inherited	701,000	-
Defined benefit pension scheme cost less contributions payable	587,000	297,000
Defined benefit pension scheme finance cost	156,000	134,000
Increase in stocks	(23,879)	(10,882)
Increase in debtors	(175,850)	(134,322)
Increase in creditors	388,777	30,956
Net cash provided by/(used in) operating activities	108,528	(2,840)

23. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	1,274	1,073
Purchase of tangible fixed assets	(591,075)	(245,600)
Capital grants from DfE Group	265,515	763,488
Net cash (used in)/provided by investing activities	(324,286)	518,961

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,543,124	1,758,882
Total cash and cash equivalents	1,543,124	1,758,882

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25. Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. 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 £63,244 were payable to the schemes at 31 August 2019 (2018 - £6,131) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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)
- 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%.

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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £930,505 (2018 - £814,988).

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 an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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25. Pension commitments (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 2019 was £710,000 (2018 - £623,000), of which employer's contributions totalled £555,000 (2018 - £480,000) and employees' contributions totalled £ 155,000 (2018 - £143,000). The agreed contribution rates for future years are 14.6 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.5	3.7
Rate of increase for pensions in payment/inflation	2.1	2.3
Discount rate for scheme liabilities	1.8	2.9
Inflation assumption (CPI)	2.0	2.2

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.5	25.4
<i>Retiring in 20 years</i>		
Males	25.1	25
Females	28.2	28

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	8,556	4,873
Mortality assumption - 1 year increase	9,169	5,231
CPI rate +0.1%	9,284	5,298
Pay growth +0.1%	8,985	5,128

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25. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,561,000	1,426,000
Debt instruments	86,000	19,000
Government bonds	-	110,000
Property	472,000	299,000
Cash and other liquid assets	96,000	29,000
Other	2,143,000	1,364,000
Total market value of assets	5,358,000	3,247,000

The actual return on scheme assets was £577,000 (2018 - £167,000).

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

	2019 £	2018 £
Current service cost	(749,000)	(766,000)
Past service cost	(380,000)	-
Interest cost	(156,000)	(134,000)
Administrative expenses	(13,000)	(11,000)
Total amount recognised in the Statement of Financial Activities	(1,298,000)	(911,000)

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

	2019 £	2018 £
At 1 September	8,330,000	7,994,000
Transferred in on existing academies joining the trust	1,592,000	-
Current service cost	749,000	766,000
Interest cost	281,000	203,000
Employee contributions	155,000	143,000
Actuarial losses/(gains)	2,840,000	(778,000)
Benefits paid	(54,000)	2,000
Past service costs	380,000	-
At 31 August	14,273,000	8,330,000

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25. Pension commitments (continued)

Changes in the fair value of the academy's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	3,247,000	2,466,000
Transferred in on existing academies joining the trust	891,000	-
Interest income	125,000	69,000
Actuarial gains	452,000	98,000
Employer contributions	555,000	480,000
Employee contributions	155,000	143,000
Benefits paid	(54,000)	2,000
Admin expenses	(13,000)	(11,000)
At 31 August	5,358,000	3,247,000

26. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	academy 2019 £	academy <i>As restated</i> 2018 £
Not later than 1 year	69,353	72,705
Later than 1 year and not later than 5 years	142,174	207,077
Later than 5 years	7,493	14,986
	219,020	294,768

The following lease payments have been recognised as an expense in the Statement of Financial Activities:

	academy 2019 £	academy 2018 £
Operating lease rentals	79,249	78,629

27. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

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28. Related party transactions

Trustees' remuneration has been disclosed in note 12.

Upon the schools being converted to academy trust status under the Academies Act 2010 all the operations and assets and liabilities were transferred to Cidari Education Limited for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources and resources expended in the Statement of Financial Activities as voluntary income and other resources expended.

During the year the trust incurred costs of £40,597 (2018 - £37,001) from the Blackburn Diocesan Board of Education, an entity with common ultimate control for the cost of secondments, due diligence and office overheads. At the year end, a balance of £320,158 (2018 - £319,541) was due to the Blackburn Diocesan Board of Education. All transactions were made in accordance with the trust's financial regulations.

During the year the trust incurred costs of £10,845 (2018 - £9,655) from the Blackburn Diocesan Board of Finance, an entity with common ultimate control for the cost of secondments, due diligence and office overheads. At the year end, a balance of £26,220 (2018 - £29,694) was due to the Blackburn Diocesan Board of Finance. All transactions were made in accordance with the trust's financial regulations.

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