

Registration number 08822760

**Cidari Education Limited
Multi Academy Trust
a company Limited by Guarantee**

Financial Statements

for the period from 20 December 2013 to 31 August 2014



Cidari Education Limited
Company limited by guarantee

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Reference and Administration Details

Trustees

Chief Executive Officer	Alan Davies	Appointed 20 December 2013
Chairman	Ian Higginbotham	Appointed 17 September 2014
Deputy Chairman	Graeme Pollard	Appointed 20 December 2013
Company Secretary/Trustee	Fred Kershaw	Appointed 20 December 2013
Trustee	Elizabeth Nicholls	Appointed 20 December 2013
Trustee	Daniel Berry	Appointed 20 December 2013
Trustee	Paul Lock	Appointed 20 December 2013 Resigned 31 August 2014
Trustee	Ruth McGaughey	Appointed 20 December 2013 Resigned 12 February 2014
Trustee	Ian Cherry	Appointed 15 October 2014
Trustee	Carolyn Johnson	Appointed 15 October 2014
Trustee	Liz Agbettoh	Appointed 1 November 2014

Senior management team:

Principal of St George's School	Daniel Berry
Principal of St Luke & St Philip's School	Katherine Emmerton

Company Secretary Fred Kershaw

Company registration number 08822760

Registered office Church House
Cathedral Close
Blackburn
Lancashire
BB1 5AA

Business address Unit 250
Glenfield Park Business Centre
Blakewater Road
Blackburn
BB1 5QH

Auditors KPMG LLP
Edward VII Quay
Navigation Way
Preston
Lancashire
PR2 2YF

Cidari Education Limited
Company limited by guarantee

Bankers

Lloyds Bank Plc
Church Street
Blackburn
Lancashire
BB2 1JQ

Solicitors

Napthens Solicitors
Greenbank Court
Challenge Way
Greenbank Business Park
Blackburn BB1 5QB

Cidari Education Limited
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Trustees' Report
for period from 20 December 2013 to 31 August 2014

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 20 December 2013 to 31 August 2014. The annual report serves the purpose of both a trustees report and a directors report under company law.

Structure, governance and management

Constitution

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

Details of the trustees who served during the period 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 Board of Education have taken out cover which expires on 31 August 2015. It includes trustees and management liability up to £100,000 in any one period of insurance inclusive of all legal costs.

Method of Recruitment and Appointment or Election of Trustees

The Trustees are developing approved procedures for the selection and appointment of Trustees and Local Governing Body Governors. Consideration is given to the skills of the Trustees and Governors which would enhance the effectiveness of the Trust. The Standing Orders will be reviewed annually.

With regards to the appointment of parent and staff governors, procedures will be put in place for their nomination, election and appointment.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Board of Trustees intend to produce policies and procedures that will be adopted for the induction and training of future Trustees.

Organisational Structure

As a new Multi Academy Trust (MAT), the organisation was initially led by Alan Davies, as part time Chief Executive Officer. However the Board of Trustees recognised that there was a need to appoint a number of key full time senior officers to support the expansion of the trust. Accordingly in September 2014 a new chairman was appointed and in November 2014 a full time Chief Executive was appointed to replace the part time incumbent who has resigned with effect from 31 December 2014. A Finance Director and a Finance and Operations Director have also been appointed and will take up their roles from January 2015. These appointments complete the senior management team of the organisation. Two trustees resigned during the period from December 2013 to August 2014 (Mrs R McCaughey and Revd. Paul Lock), and two additional trustees (Ian Cherry and Carolyn Johnson) have been appointed in October 2014 to broaden the existing skill base of the board.

Risk Management

To date, where trustees have recognised any potential risks that the academy trust could be exposed, systems or procedures have been established to manage these risks.

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Principal Activities

The principal activities of the Trust are set out in its Articles of Association namely:

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.

The mission statement of the Trust

- (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 designed 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 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 or disablement poverty of social and economic circumstances.

Connected Organisations including Related Party Relationships

Cidari was created by the partnership between the Board of Education and Board of Finance and was established by the Diocesan Board of Education within the Church of England Blackburn Diocese. As such the MAT is closely connected with the Diocese and in turn part of the National Society of Church of England Schools. The organisation also works closely with the Department of Education academies division, through the local brokerage team, to ensure a smooth transition for schools coming into the MAT.

Objectives and Activities of the Trust

Objects and Aims

The principal object of the Trust, as set out in its Articles of Association, is specifically restricted to the following:

1. Academies, other than those designated Church of England, whether with or without a designated religious character.
2. Church of England Academies designated as such, which shall be conducted in accordance with the principle, 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 directives issued by the Department of Education.

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of academies in accordance with its Master Funding Agreement and the Academy Supplemental Agreements.

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Public Benefit

The Board of Trustees has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising its powers or duties.

'Public benefit' is the legal requirement that every organisation set up for one or more charitable purposes must be able to demonstrate that its aims are for the public benefit. The charitable purpose of the Trust is the advancement of education.

Strategic Report

Review of Activities

The profile of each of the academies is as follows:

(i) St George's School

St George's Church of England High School converted into the Trust on the 1st April 2014. The head teacher is Daniel Berry. It has 64 teaching staff and 45 non-teaching staff.

Pupil Numbers

Year 7	193		
Year 8	190		
Year 9	192		
Year 10	187		
Year 11	201		
		2014	2013
5 GCSE's A*-C	62%	62%	63%
5 GCSE's A*-C (including Maths and English)	48%	48%	47%
5 GCSE's A* - G	99%	99%	99%
1 A* - A	23%	23%	15%
3 A* - A	7%	7%	9%
5 A* - A	3%	3%	5%

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(ii) St Luke & St Philip's Church of England Primary School

St Luke and St Philip's Church of England Primary school converted into the Trust on the 1st May 2014. The head teacher is Katherine Emmerton. It has 12 teaching staff and 29 non-teaching staff.

Pupil Numbers

Nursery	21
Reception	29
Year 1	30
Year 2	25
Year 3	27
Year 4	29
Year 5	30
Year 6	30

	Level 2+	Level 2+	Level 2B+	Level 2B+	Level 3	Level 3
Key Stage 1	2013	2014	2013	2014	2013	2014
Reading	84	90	69	80	10	13
Writing	80	86	55	77	-	13
Maths			63	79	19	34

	Level 4+	Level 4+	Level 4B	Level 4B	Level 5+	Level 5+
Key Stage 2	2013	2014	2013	2014	2013	2014
Reading	76	90	63	83	19	34
Writing	80	90	74	79	30	21
Maths	78	89	63	79	19	34

Objectives, Strategies and Activities of the Schools

The main objectives for both schools since joining the trust has been to establish clear procedures and to develop staff, via the head teachers, to deliver a greater percentage of outstanding teaching and learning within the schools.

In the case of St Luke and St. Philip's an executive head, who is also a National Leader of Education (NLE), was appointed to support the new head teacher on their journey to excellence. A review of all teaching and learning took place and changes made to the curriculum to ensure greater outcomes. As can be seen above results have improved in the first four months of conversion and the head teacher continues to have support from an NLE to assist her to continue the school's journey.

St. George's maintained the results and slightly bettered the 5 A* - C in GCSE's within the first 5 months of coming into the trust. The head teacher led the school to improve its position within their local area and had the second highest GCSE results in the authority despite significant results fluctuation in the area and nationally this year. It was particular pleasing to note the increase in A* and A grades awarded increased some 53% on last year's results.

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Achievements and Performance

Over the past five months, since bringing the two schools into Cidari, the Trust has been delivering systems and procedures to ensure future success. These have included appointing staff to the central team and the appointment of National Leaders of Education to support schools coming into the Trust. Measures used to assess achievements to date have been against data and improvements to key stage outcomes. In addition, the Trust continues to develop their strategies and marketing to ensure more schools come into the Trust over the next year.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi 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 our students to access an outstanding education whilst ensuring the Trust employs and retains outstanding leaders and practitioners and at the same time using our financial resources prudently and responsibly.

Summary of Income and Expenditure	2014
	£
Incoming Resources	
Voluntary Income	2,119
Voluntary Income - Transfer on Conversion	15,671,366
Activities for Generating Funds	9,509
Investment Income	831
Funding from the Academy Trust's Educational Operations	2,842,346
Total Incoming Resources	18,526,171
Outgoing Resources	
Cost of Generating Voluntary Income	2,100
Academy Trust Educational Operations:	
Direct Costs	2,242,257
Allocated Support Costs	884,227
Governance Costs	131,257
Total Outgoing Resources	3,259,841
Surplus (before Other Recognised Gains and Losses)	15,266,330

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Trustees' Report
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Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives will be further developed over the next year, documented and the Trustees will create a Risk Management Policy.

Principal Risks and Uncertainties

Over the next period Trustees will continue to assess principal risks and uncertainties. These will include, the number of schools requesting to come into the Trust, the timings of these conversions and the impact on the central team resources to ensure we maintain our standards and expectations for all our schools. In addition, there may also be need, within the next year, to adapt to any change of policy associated with Multi Academy Trusts after the results of the general election. This will also include looking at closely any financial changes to schools in relation to a new central government that may impact on ongoing financial viability.

Reserves Policy

Purpose

The purpose of the Operating Reserves policy for the Cidari Multi Academy Trust is to ensure the stability of the mission, programs, employment, and ongoing operations of the organisation.

The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that would build long-term capacity, such as staff development, research and development, or investment in infrastructure.

Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of Cidari for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve policy will be implemented in concert with the other governance and financial policies of Cidari and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

Definitions and Goals

The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Trustees. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The target minimum Operating Reserve Fund is equal to two months, at the current time, of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation.

The amount of the Operating Reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance Committee and the Board of Trustees, and included in the regular financial reports.

Accounting for Reserves

The Operating Reserve Fund will be recorded in the financial records in future years as Board-Designated Operating Reserve. The Fund will be funded and available in cash or cash equivalent funds.

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Funding of Reserves

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Trustees may from time to time direct that a specific source of revenue be set aside for Operating Reserves.

Use of Reserves

Use of the Operating Reserves requires three steps:

1. Identification of appropriate use of reserve funds. The Chief Executive and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.
2. Authority to use operating reserves:
The Executive Trustee will submit a request to use Operating Reserves to the Finance Committee of the Board of Trustees. The request will include the analysis and determination of the use of funds and plans for replenishment. The organisation's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the use of Operating Reserves will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Finance Committee will recommend the request to the Board of Trustees.
3. Reporting and monitoring:
The Chief Executive is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Chief Executive will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Committee/Board of Trustees of progress to restore the fund to the target minimum amount.

Review of Policy

This Policy will be reviewed every year, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance Committee to the Board of Trustees.

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.

Plans for Future Periods

The future plans for the Trust include:

Further developing the Trust by allowing more schools to become part of Cidari. At present a further 7 schools have begun the process or are having exploratory discussions with the MAT to join in the next academic year.

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Trustees' Report
for period from 20 December 2013 to 31 August 2014

Auditor

Insofar as the 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 Annual Report and Strategic Report have been approved by order of the Board of Trustees on 16 December 2014 and signed on its behalf by:



.....
Alan Davies
Trustee

Cidari Education Limited
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Governance Statement
for period from 20 December 2013 to 31 August 2014

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to Mr Alan Davies, 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 Multi Academy Trust and the Secretary of State for Education. He is 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 9 times during the period.

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 Multi Academy Trust for the period 20 December 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the period 20 December 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

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Governance Statement
for period from 20 December 2013 to 31 August 2014

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. But this is to be reviewed upon the appointment of a new Financial Director.

Review of Effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Head of Finance;
- support from KPMG LLP in respect of due diligence for schools that may be converted to the Cidari Multi Academy Trust.

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

Approved by order of the Members of the Board of Trustees on 16 December 2014 and signed on its behalf by:



.....
Alan Davies
Trustee

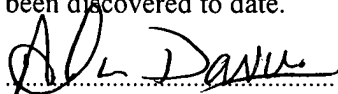
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Statement of Regularity, Propriety and Compliance
for period from 20 December 2013 to 31 August 2014

As Accounting Officer of Cidari Multi Academy Trust, I have considered my responsibility to notify the Multi Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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 Mutli Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Date: 16 December 2014

Alan Davies
Trustee

Cidari Education Limited
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Statement of Trustees' Responsibilities
for period from 20 December 2013 to 31 August 2014

The Trustees (who act as governors of Cidari Education Limited) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and 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:

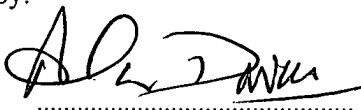
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Members of the Board of Trustees on 16 December 2014 and signed on its behalf by:



.....
Alan Davies
Trustee

Cidari Education Limited
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Independent auditor's report to the members of Cidari Education Limited

We have audited the financial statements of Cidari Education Limited for the period ended 31 August 2014 set out on pages 19 to 47. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 to 2014 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2013 to 2014 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and charitable company's affairs at 31 August 2014, and of the Group and charitable company's incoming resources and application of resources, including the Group and charitable company's income and expenditure, for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

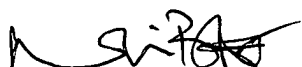
In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

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Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Date: 18 December 2014

Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent Reporting Accountant's Assurance Report on Regularity to Cidari Education Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25th July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 20 December 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to CIDARI Education Limited (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2014 and the Academies Financial Handbook, extant from 20 December 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 20 December 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**Independent Reporting Accountant's Assurance Report on Regularity to
Cidari Education Limited and the Education Funding Agency**


The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher/Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the not for profit principles set out in the relevant provisions of the Academies Financial Handbook 2013;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 10.4 of the Academies Accounts Direction 2013 to 2014.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 20 December 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Will Baker
Reporting Accountant
For and on behalf of KPMG LLP
Chartered Accountants

Date: 18 December 2014
Edward VII Quay
Navigation Way
Preston
Lancashire
PR2 2YF

Cidari Education Limited
(A company limited by guarantee)

Statement of financial activities (incorporating the income and expenditure account)

For the period ended 31 August 2014

	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset funds £	Period Ended 31/08/14 £
Incoming resources					
Incoming resources from generating funds					
Voluntary income	3	2,119	-	-	2,119
Voluntary income - transfer on conversion	3	451,877	174,396	15,045,093	15,671,366
Activities for generating funds	4	9,509	-	-	9,509
Investment income	5	831	-	-	831
Incoming resources from charitable activities					
Funding from the academy trust's educational operations	6	-	2,842,346	-	2,842,346
Total incoming resources		<u>464,336</u>	<u>3,016,742</u>	<u>15,045,093</u>	<u>18,526,171</u>
Resources expended					
Costs of generating funds:					
Cost of generating voluntary income		2,100	-	-	2,100
Charitable activities :					
Academy trust educational operations	7	-	3,013,891	112,593	3,126,484
Governance costs	8	-	131,257	-	131,257
Total resources expended		<u>2,100</u>	<u>3,145,148</u>	<u>112,593</u>	<u>3,259,841</u>
Net incoming/(outgoing) resources					
before transfers		462,236	(128,406)	14,932,500	15,266,330
Gross Transfer between funds		(118,406)	118,406	-	-
Net incoming resources for the period		343,830	(10,000)	14,932,500	15,266,330
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	25	-	(157,000)	-	(157,000)
Net movement in funds		343,830	(167,000)	14,932,500	15,109,330
Total funds brought forward		-	-	-	-
Pension deficit upon business combination		-	(1,108,000)	-	(1,108,000)
Total funds carried forward		<u>343,830</u>	<u>(1,275,000)</u>	<u>14,932,500</u>	<u>14,001,330</u>

The statement of financial activities includes all gains and losses in the period and therefore a separate statement of total recognised gains and losses has not been prepared.
All of the above amounts relate to continuing activities.

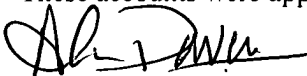
The notes on pages 22 to 47 form an integral part of these financial statements.

Cidari Education Limited
Company limited by guarantee

Balance Sheet
as at 31 August 2014

	Notes	31/08/14	
		£	£
Fixed assets			
Tangible assets	13		15,157,317
Current assets			
Debtors	14	186,475	
Cash at bank and in hand		439,325	
		<u>625,800</u>	
Creditors: amounts falling due within one year	15	<u>(506,787)</u>	
Net current assets			<u>119,013</u>
Total assets less current liabilities			15,276,330
Staff pension liability	25		<u>(1,275,000)</u>
Net liabilities			<u>14,001,330</u>
Funds of the academy trust			
Restricted funds	16		
- Fixed asset fund	16	14,932,500	
- General fund	16	-	
- Pension reserve	16	<u>(1,275,000)</u>	
Total restricted funds	16		13,657,500
Unrestricted income funds	16		
- General fund		<u>343,830</u>	
Total unrestricted funds	16		<u>343,830</u>
Total funds	17		<u>14,001,330</u>

These accounts were approved by the Trustees on 16 December 2014, and are signed on their behalf by:



Alan Davies
Trustee

Registration number 08822760

The notes on pages 22 to 47 form an integral part of these financial statements.

Cidari Education Limited
Company limited by guarantee

Cash flow statement
for the period ended 31 August 2014

	Notes	Period ended 31/08/14 £
Net cash inflow from operating activities	21	267,508
Cash transferred on conversion	21	451,877
Returns on investments and servicing of finance	22	831
Capital expenditure	23	(280,891)
Increase in cash in the period		<u>439,325</u>
Reconciliation of net cash flow to movement in net funds (Note 24)		
Increase in cash in the period		439,325
Net funds at 31 August 2014		<u>439,325</u>

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Standards, the Charity Commission 'Statement of Recommended Practice: accounting and reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Educational Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 charitable company to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

At the balance sheet date the Trust had a surplus on the Restricted Fixed Asset Fund of £14,932,500 and a deficit on the Restricted Pension Reserve Fund of £1,275,000. This relates to the Local Government Pension Scheme (LGPS) funded defined-benefit pension scheme. With regards to the projections for the year ended 31 August 2015 the Board of Trustees is confident that, notwithstanding that liability, they are able to continue operating without any restrictions and have therefore accounted for the Trust on a going concern basis.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

1.3. Incoming Resources

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

Grants Receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations

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

Other Income

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

Donated Services and Gifts in Kind

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

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

1.4. Resources Expended

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

Cost of Generating Funds

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

Charitable Activities

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

Governance Costs

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

All resources expended are inclusive of irrecoverable VAT.

Cidari Education Limited
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Notes to the financial statements
for the period ended 31 August 2014

1.5. Tangible fixed assets and depreciation

Assets with a life in excess of one year costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold buildings	50 Years
Furniture & Fittings	10 Years
Plant & Machinery	15 Years
Office Equipment	5 Years
ICT Equipment	3 Years

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

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

Leased Assets

Rentals under operating leases are charge on a monthly basis over the lease term.

Transfer on conversion

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation - Profession Standards, 8th Edition, as published by the Royal institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standard and HM Treasury FReM interpretation.

Estimates

Asset 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.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

1.6. Taxation

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

1.7. Pensions

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Multi Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Multi Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

1.8. Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by Education Funding Agency and/or Department of Education where the asset acquired or created is held for a specific purpose.

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

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State academies within the Multi Academy Trust were subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of the GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limit during the year ended 31 August 2014.

3. Voluntary income

	Unrestricted	Restricted	Restricted	Period
	£	£	Fixed Asset	ended
			£	31/08/14
				£
Donations	560	-	-	560
Staff Consultancy Services	(350)	-	-	(350)
Music Services Income	173	-	-	173
Trip Income	1,736	-	-	1,736
	<u>2,119</u>	-	-	<u>2,119</u>
Voluntary income - transfer on conversion	451,877	174,396	15,045,093	15,671,366
	<u>453,996</u>	<u>174,396</u>	<u>15,045,093</u>	<u>15,673,485</u>

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

4. Activities for generating funds

	Unrestricted funds £	Restricted funds £	Period ended 31/08/14 Total £
Hire of facilities	7,203	-	7,203
Catering Income	2,306	-	2,306
	9,509	-	9,509
	9,509	-	9,509

5. Investment income

	Unrestricted funds £	Restricted funds £	Period ended 31/08/14 Total £
Bank interest receivable	831	-	831
	831	-	831
	831	-	831

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

6. Funding for the academies educational operations

	Unrestricted funds £	Restricted funds £	Period ended 31/08/14 Total £
DfE/EFA revenue grants			
- General Annual GAG	-	2,492,208	2,492,208
- Start Up	-	12,953	12,953
- Other DfE/EFA grants	-	40,000	40,000
	-	2,545,161	2,545,161
	-	2,545,161	2,545,161
Other Government grants			
- Local authority grants	-	39,258	39,258
- Other	-	257,927	257,927
	-	297,185	297,185
	-	2,842,346	2,842,346

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

7. Charitable activities - Academy's Educational Operations

	Period ended 31/08/14 Total £
Direct costs - educational operations	
Teaching and educational support staff and costs	1,834,589
Depreciation	168,667
Educational supplies	159,497
Examination fees	19,579
Staff development	21,435
Other direct costs	38,490
	<u>2,242,257</u>
Support costs - educational operations	
Support staff costs	418,803
Technology costs	103,687
Maintenance of premises and equipment	83,126
Rent and rates	23,695
Energy	36,851
Insurance	83,142
Catering	22,271
Bank charges	348
Other support costs	112,304
	<u>884,227</u>
Total Direct and Support Costs	<u><u>3,126,484</u></u>

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

8. Governance costs

	Unrestricted funds £	Restricted funds £	Period ended 31/08/14 Total £
Professional - Accountancy fees	-	27,715	27,715
Support - Staff costs - Wages & salaries	-	92,156	92,156
Support - Staff costs - Employer's NIC	-	5,148	5,148
Support - Staff costs - Pension costs	-	6,238	6,238
	<u>-</u>	<u>131,257</u>	<u>131,257</u>
Auditor's remuneration			
- Audit of financial statements	-	15,000	15,000
- Other non audit fees	-	12,715	12,715
	<u>-</u>	<u>27,715</u>	<u>27,715</u>

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

9. Resources Expended

	Staff Costs	Non Pay	Expenditure	Period
	£	Premises	Other	ended
	£	£	£	31/08/14
				Total
				£
Cost of activities for generating funds	1,539	160	401	2,100
Academy's Educational Operations				
Direct Costs	1,834,588	7,083	400,586	2,242,257
Allocated Support Costs	395,954	223,837	264,436	884,227
Total	<u>2,230,542</u>	<u>230,920</u>	<u>665,022</u>	<u>3,126,484</u>
Governance costs including allocated support costs	103,542	-	27,715	131,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Resources Expended	<u><u>2,335,623</u></u>	<u><u>231,080</u></u>	<u><u>693,138</u></u>	<u><u>3,259,841</u></u>

Incoming/outgoing resources for the period include:

Operating Leases	£
- Motor vehicles	9,168
	<u>9,168</u>

Included within resources expended are the following transactions.

During the period the Trust has incurred two severance payments of £15,000 each which are non-statutory/non-contractual severance payments, by St George's.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

10. Employees

Employment costs	2014
	£
Wages and salaries	1,754,333
Social security costs	130,041
Pension costs	221,760
	<hr/>
Total Costs	2,106,134
Supply Staff Cost	124,408
	<hr/>
	2,230,542
	<hr/> <hr/>

Staff Severance Payments

During the period the trust has incurred two severance payments of £15,000 each which are non-statutory/non-contractual severance payments.

Number of staff

2014
Number

The average monthly numbers of staff within the academies during the period is expressed as full time equivalents.

(including the trustees) during the period were:

Teachers	65
Administration and support	55
Management	12
	<hr/>
	132
	<hr/> <hr/>

Higher Paid Staff

The number of staff who's emoluments exceeded £60,000 was as summarised. The amounts have been prorated to reflect the five month period post conversion of the first member academy the prorated amounts are as follows:

£25,001-£35,000 (prorated)	4
£35,001-£45,000 (prorated)	2
Over £45,000 (prorated)	1

All seven of the above staff participated in the Teachers' Pension Scheme.

During the period ended 31 August 2014 employer's pension contributions for these staff amounted to £30,485.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

11. Related party transactions -Trustees' Remuneration and Expenses

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

A Davies (CEO and Trustee) £60,000 - £65,000

D Berry (Principal of St Georges/Trustee) £35,000 - £40,000

During the period ended 31 August 2014, travel expenses totalling £135 were reimbursed to one trustee.

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Multi Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

The Board of Education have taken out cover which expires on 31 August 2015. It includes trustees and management liability up to £100,000 in any one period of insurance inclusive of all legal costs.

13. Tangible fixed assets	Long leasehold property	Fixtures, fittings and equipment	Under Construction	Computers	Total
	£	£	£	£	£
Cost or valuation					
Additions	-	69,352	141,643	69,896	280,891
Transferred on Conversion	14,609,194	158,958	-	276,941	15,045,093
At 31 August 2014	<u>14,609,194</u>	<u>228,310</u>	<u>141,643</u>	<u>346,837</u>	<u>15,325,984</u>
Depreciation					
Charge for the period	<u>112,593</u>	<u>9,077</u>	<u>944</u>	<u>46,053</u>	<u>168,667</u>
At 31 August 2014	<u>112,593</u>	<u>9,077</u>	<u>944</u>	<u>46,053</u>	<u>168,667</u>
Net book value					
At 31 August 2014	<u><u>14,496,601</u></u>	<u><u>219,233</u></u>	<u><u>140,699</u></u>	<u><u>300,784</u></u>	<u><u>15,157,317</u></u>

The trust's transactions relating to land and buildings included the taking up of leasehold property on academy conversion. This included the property assets of St Luke & St. Philip's Primary School of £922,414 assessed largely upon the basis of Depreciated Replacement Cost but reflecting the Market Value of the land. This also included the property assets of St George's School of £13,686,780 assessed largely upon the basis of Depreciated Replacement Cost but reflecting the Market Value of the land. The valuations were performed by Eckersley Property Limited as at the dates of conversion.

Cidari Education Limited
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Notes to the financial statements
for the period ended 31 August 2014

14. Debtors	31/08/14
	£
Trade debtors	6,448
Other debtors	170,023
Prepayments and accrued income	10,004
	<u>186,475</u>
15. Creditors: amounts falling due within one year	31/08/14
	£
Trade creditors	83,729
Other taxes and social security costs	74,153
Other creditors	199,349
Accruals	149,556
	<u>506,787</u>

At the balance sheet date the Multi Academy Trust did not have any deferred income.

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

16. Funds	Brought forward £	Incoming resources £	Resources expended £	Gains Losses and Transfers £	Balance as at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	-	2,492,208	(2,492,208)	-	-
Start Up Grant	-	12,953	(12,953)	-	-
Other DfE/EFA Grants	-	40,000	(40,000)	-	-
Other	-	471,581	(589,987)	118,406	-
Pension Reserve	-	-	(10,000)	(1,265,000)	(1,275,000)
	<u>-</u>	<u>3,016,742</u>	<u>(3,145,148)</u>	<u>(1,146,594)</u>	<u>(1,275,000)</u>
Restricted fixed asset funds					
Assets on conversion	-	15,045,093	(112,593)	-	14,932,500
	<u>-</u>	<u>15,045,093</u>	<u>(112,593)</u>	<u>-</u>	<u>14,932,500</u>
Total restricted funds	<u>-</u>	<u>18,061,835</u>	<u>(3,257,741)</u>	<u>(1,146,594)</u>	<u>13,657,500</u>
Unrestricted funds					
Unrestricted funds	-	464,336	(2,100)	(118,406)	343,830
Total unrestricted funds	<u>-</u>	<u>464,336</u>	<u>(2,100)</u>	<u>(118,406)</u>	<u>343,830</u>
Total Funds	<u>-</u>	<u>18,526,171</u>	<u>(3,259,841)</u>	<u>(1,265,000)</u>	<u>14,001,330</u>

Cidari Education Limited
Company limited by guarantee

Notes to the financial statements
for the period ended 31 August 2014

16. Funds cont.

Restricted General Funds

Balances carried forward is 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 EFA are applied to the charitable activities of the trust as defined in the finding agreements. Under the funding agreement with the Secretary of State, the academy trust was subject to limits on the amount of General Annual Gants (GAG) that it could carry forward at 31 August 2014. Note 2 discloses whether the limits were exceeded.

Start Up Grants

Funding to help schools to bridge the gap between school opening and there being pupils in each year (school occupancy at full capacity). Start up grants have been used to help pay for education supplies, post-opening staff recruitment costs, some initial senior staff training and cost of employing senior staff when the school opens.

Other DFE/EFA Grants/Other

Included in other DFE/EFA grants/other are the following:

Fast Track Improvement Grant for St Aidans - £70,000 General Restricted Fund to be carried forward.

Improvement Grant for St Luke's - £40,000 which has been used on school improvements. Sponsor Capacity Fund £79,900 for Cidari Education Limited has been used to set up the Cidari Infrastructure and pay for the overheads incurred as part of setting up and running the Multi Academy Trust.

Facilitation Start Up Grant £18,000 for Cidari Education Limited has also been used in the same manner as above.

Devolved Formula Capital (DFC)

This funding has been received for the utilisation on building improvements and refurbishments both at St Georges and St Luke's & St Phillips. Currently neither school has used these funds of £20,588 and £23,395 respectively. These finds will be carried forward into the new financial year.

Transfers from the Local Education Authority

Cidari Multi Academy Trust brought forward restricted resources £174,396 from the LEA for the schools to continue with their improvement programmes. The balances on these funds will be carried forward into the next financial year to continue improvements.

Cidari Education Limited
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Notes to the financial statements
for the period ended 31 August 2014

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 Ciardi's first period the deficit on the Fund is £1,275,000. The charge to the Income & Expenditure Account in the year was £76,000 and the Other recognised losses were £157,000.

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 year's (as per the Trust's fixed assets policy) and transfers between funds 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 Directors to meet the charitable objectives of the academy trust.

Assets on Conversion

This fund reflects the fixed assets acquired from St Georges A Church of England Academy of £14,064,497 and St Luke & St Phillip A Church of England Academy Primary £980,596. The Buildings have also been valued by appointed surveyors for both the above schools. These have been valued as a 125 year Lease for the purposes of bringing these assets onto the books of Cidari Education Limited.

St Georges A Church of England Academy - Buildings £12,701,330 & Land £985,450

St Luke & St Phillip A Church of England Academy - Buildings £809,834 & Land £112,580

Depreciation on these assets is charged against this fund over the useful life of the associated assets.

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 Ciardi's first period the deficit on the Fund is £1,275,000. The charge to the Income & Expenditure Account in the year was £76,000 and the Other recognised losses were £157,000.

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17. Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted	Restricted	Restricted Fixed Asset	Total
	£	£	£	£
Tangible Fixed Assets	224,817	-	14,932,500	15,157,317
Current Assets	625,800	-	-	625,800
Current Liabilities	(506,787)	-	-	(506,787)
Pension Liabilities	-	(1,275,000)	-	(1,275,000)
Total Net Assets	<u><u>343,830</u></u>	<u><u>(1,275,000)</u></u>	<u><u>14,932,500</u></u>	<u><u>14,001,330</u></u>

18. Financial commitments

Operating Leases

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as follows:

	31/08/14
	£
Expiry date:	
Within one year	19,520
Between one and five years	26,626
In over five years	-
	<u><u>46,146</u></u>

19. Capital commitments

Contracted for but not provided in
the financial statements

2014
6,924

20. Members' Liability

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

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**21. Reconciliation of Net Income to Net Cash Inflow
from Operating Activities**

	31/08/14 £
Surplus on continuing operations after depreciation of assets	15,266,330
Cash transferred on conversion	(451,877)
Voluntary income - fixed assets transferred on conversion	(15,045,093)
Depreciation	168,667
Interest receivable	(831)
Increase in Debtors	(186,475)
Increase in Creditors	516,787
Net cash inflow from operating activities	<u>267,508</u>

22. Returns on investments and servicing of finance

	2014 £
Interest received	<u>831</u>

23. Capital Expenditure and Financial Investment

	2014 £
Payments to acquire tangible assets	<u>280,891</u>

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	-	439,325	439,325
Net funds	<u>-</u>	<u>439,325</u>	<u>439,325</u>

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25. Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £82,314 were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme
Introduction

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

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

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

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Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

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Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the period ended 31 August 2014 was £87,000, of which employer's contributions totalled £66,000 and employees' contributions totalled £21,000. The agreed contribution rates for future years are 12.3% for St George's and 12.4% for St Luke and St Philip's for employers and 5.5% to 12.5% (depending on pensionable pay) 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.

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Principal Actuarial Assumptions	At 31 August 2014
Rate of increase in salaries	3.7%
Rate of increase for pensions in payment/inflation	2.2%
Discount rate for scheme liabilities	4.0%
Inflation assumption (CPI)	2.2%

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

	At 31 August 2014
Retiring today	
Males	22.8
Females	25.3
Retiring in 20 years	
Males	25.0
Females	27.7

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

	At 31 August	
	Assets £000s	Expected Return
Equities	(195)	49.7%
Government Bonds	(1)	0.2%
Other Bonds	(105)	26.6%
Property	(38)	9.6%
Cash Liquidity	(9)	2.4%
Other	(45)	11.5%
Total Market Value of Assets	(393)	
Present value of benefit obligations		
- Funded	1,668	
Deficit	(1,275)	

The actual return on scheme assets was £13,000.

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Amount recognised in the statement of financial activities	2014 £000s
Current service cost	(58)
Total operating charge	(58)
Analysis of pension finance income/(costs)	
Expected return on plan assets	9
Interest on pension liabilities	(27)
Pension finance costs	(18)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £157,000 loss.

Movements in the present value of defined benefit obligations were as follows:	2014 £000s
Benefit obligation at beginning of period	-
Current service cost	58
Interest on pension liabilities	27
Member contributions	21
Actuarial gains/(losses) on liabilities	160
Business combinations	1,402
At 31 August 2014	1,668

Movements in the fair value of academy's share of scheme assets:	2014 £000s
Fair value of plan assets at the beginning of period	-
Expected return on plan assets	9
Actuarial gains/(losses)	3
Business combinations	294
Employer contributions	66
Member contributions	21
At 31 August 2014	393

The estimated value of employer contributions for the year ended 31 August 2015 is £167,000.

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Notes to the financial statements
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Summary of experience adjustments is as follows:	2014 £000s
Present value of defined benefit obligations	(1,668)
Fair value of share of scheme assets	393
Deficit Scheme	1,275
Experience adjustments on share of scheme assets £000s	3,000
Experience adjustments on scheme liabilities: £000s	-

26. Conversion to an Academy Trust

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 Multi Academy Trust 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.

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27. Events after the balance sheet date

The Chief Executive Office, Alan Davies, is due to resign from his position on 1 January 2015.

St Barnabas Primary School and Darwin St James Primary School were converted to the Cidari Multi Academy Trust after the balance sheet date.

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

The following related party transactions took place following the period of account:

A I Cherry Chartered Accountants – a company in which Mr Ian Cherry, a trustee, has a majority interest. Transactions totalling £5,000, relating to the provision of accounting services to assist with the preparation of the Cidari Education Limited financial statements for the period ended 31 August 2014. The cost to A I Cherry Chartered Accountants of undertaking the work was in excess of £10,000. Mr Ian Cherry had no involvement in the work performed by A I Cherry Chartered Accountants.