

**Cidari Education Limited**  
**Multi Academy Trust**  
**(A Company Limited by Guarantee)**

**Company Registration Number:**  
**08822760 (England and Wales)**

**Annual report and financial statements**  
**for the year ended 31 August 2015**

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## Reference and Administrative Details

### Members:

Bishop of Blackburn	Rt. Rev. Julian Henderson	
Bishop of Burnley	Rt. Rev. Philip North	(appointed 2 February 2015)
Bishop of Lancaster	Rt. Rev. Geoffrey S Pearson	
Archdeacon of Blackburn	Ven. John A Hawley	(retired 31 July 2015)
Archdeacon of Lancaster	Ven. Michael Everitt	
Canon	John Dell	

### Trustees:

Chief Executive Officer/Accounting Officer	Liz Agbettoh	(appointed 1 November 2014)
Chairman	Ian Higginbotham	(appointed 10 September 2014)
Deputy Chairman	Graeme Pollard	
Trustee	Fred Kershaw	
Trustee	Elizabeth Nicholls	
Trustee	Daniel Berry	
Trustee	Ian Cherry	(appointed 15 October 2014)
Trustee	Alan Davies	(resigned 31 December 2014)
Trustee	Peter Hullah	(resigned 31 March 2015)
Trustee	Carolyn Johnson	(appointed 15 October 2014)
Trustee	Stephen Whittaker	(appointed 1 April 2015)

### Senior Management Team:

Chief Executive Officer	Liz Agbettoh	(appointed 1 November 2014)
Director of Finance	Alan Bunn	(appointed 1 January 2015) (resigned 31 August 2015)
Director of Financial Operations	Alan O'Reilly	(appointed 1 February 2015)
Principal of St George's School	Daniel Berry	
Principal of St Luke & St Philip's Primary School	Katherine Emmerton	
Principal of Darwen St James' CE Primary Academy	Maggie Beck	
Principal of St Barnabas' Primary School	Helen Thomas	
Principal of St Aidan's Primary School	Rachel Senior	
Principal of Baines Endowed Primary School	Joanne Snape	
Principal of Great Marsden St John's Primary School	Michaela Underwood	

<b>Company Secretary:</b>	Fred Kershaw	(resigned 13 January 2015)
	Ron Matthews	(appointed 13 January 2015)

**Company registration number:** 08822760

**Registered Office:** Church House  
 Cathedral Close  
 Blackburn  
 Lancashire  
 BB1 5AA

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

**Reference and Administrative Details** *(continued)*

**Bankers:**

Lloyds Bank plc  
Church Street  
Blackburn  
BB2 1JQ

**Solicitors:**

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

## **Trustees' Report**

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 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates six 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 2,638 and the number on the roll at 31 August 2015 was 2,387.

### **Structure, Governance and Management**

#### **Constitution**

The multi academy trust is a company limited by guarantee, with no share capital, 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 3.

#### **Members' Liability**

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

#### **Trustees' Indemnities**

The board of trustees has taken out cover which expires on 4 May 2016. It includes trustees and management liability up to £5,000,000 in any one period of insurance inclusive of all legal costs.

#### **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 Bodies 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 Bodies 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 is currently being developed.

#### **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.

## Trustees' Report *(continued)*

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

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

- Finance;
- 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.

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

There are no third party organisations or charities connected to the trust.

The members of the trust are the clergy as identified on page 3. 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 8 June 2015, within the eighteen month period required by the Articles since the establishment of the Company.

The members also held a Special General Meeting on 25 March 2015 to consider and pass a formal resolution to amend the Articles of Association.

Cidari Education Limited was incorporated on 20 December 2013 and became a multi academy trust from the 1 April 2014 taking under its control St George's School in Blackpool and St Luke and St Philip's Primary School in Blackburn on 1 May 2014.

During the year ended 31 August 2015 the following schools joined the trust:

- |   |                |
|---|----------------|
| • Darwen St James' Church of England Primary Academy, Darwen    | 1 October 2014 |
| • St Barnabas Primary School, Darwen                            | 1 October 2014 |
| • St Aidan's Primary School, Blackburn                          | 1 January 2015 |
| • Baines' Endowed Primary School & Children's Centre, Blackpool | 1 March 2015   |
| • Great Marsden St John's Primary School, Nelson                | 1 July 2015    |

## **Trustees' Report** *(continued)*

### **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 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 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 or disablement poverty of social and economic circumstances.

#### **The Benefits of joining the Cidari Multi Academy Trust**

The board of trustees established the benefits of joining Cidari Multi Academy Trust as follows:

**C**hristian ethos informs and shapes our vision, values and practice.

**I**mproving teaching and the wellbeing of pupils through a collaborative professional network of Local Headteachers and School Leaders.

**D**irection and support provided for Governors, Heads, and Teachers to achieve excellence in all they do.

**A**ccess to School Improvement Packages, and sharing in best practice from our own Schools and national sources.

**R**eceipt of benefits in procurement, advice, and capital developments through the pooling of funding and ideas.

**I**nfluence – we network assiduously on a wider platform so that our members' views can be presented and voiced.

## **Trustees' Report** *(continued)*

### **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;
- Encouraged sharing of best practice amongst academies;
- Offered 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 Commissions 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.



## Trustees' Report *(continued)*

### Strategic Report

#### Achievements and Performance

The Cidari Multi Academy Trust achievements in 2014 – 2015 include:

- Conversion of a further 5 schools to academy status;
- 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.
- Development of a model membership format for Local Governing Bodies.

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

#### Secondary

<b>St George's School</b>	2013	2014	2015
GCSE 5A*- C (English & Maths)	48%	47%	50%
National GCSE 5A*- C (English & Maths)	59%	53%	N/A
GCSE 5A*- C	63%	56%	62%
GCSE 5A*- G	99%	99%	99%

#### Primary

<b>St Barnabas Primary School</b>	2013	2014	2015
RWM Level 4+	78%	95%	91%
National	75%	78%	80%

<b>St Aidan's Primary School</b>	2013	2014	2015
RWM Level 4+	75%	48%	79%
National	75%	78%	80%

<b>Baines' Endowed Primary School &amp; Children's Centre</b>	2013	2014	2015
RWM Level 4+	68%	66%	73%
National	75%	78%	80%

<b>Darwen St James' Church of England Primary Academy</b>	2013	2014	2015
RWM Level 4+	60%	63%	47%
National	75%	78%	80%

<b>St Luke &amp; St Philip's Primary School</b>	2013	2014	2015
RWM Level 4+	52%	76%	55%
National	75%	78%	80%

<b>Great Marsden St John's Primary School</b>	2013	2014	2015
RWM Level 4+	45%	47%	43%
National	75%	78%	80%

<b>Cidari Average</b>	2013	2014	2015
RWM Level 4+	63%	66%	65%
National	75%	78%	80%

## Trustees' Report *(continued)*

### 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 £10,911,322 (2014: 2,842,346). Transfers on conversion were £10,006,293 (2014: £15,671,366) and total income was £21,199,111 (2014: £18,526,171). Costs in respect of the Academy Trust's educational activity amounted to £11,812,238 (2014: £3,126,484) and total costs, before losses on the LGSS pension scheme (£45,000), were £12,049,987 (2014: £3,259,841).

Balances carried forward to 2015/16 on the various funds are as follows:

• Unrestricted funds	£373,687
• Restricted general funds	(£2,861,000) (deficit on LGPS pension scheme)
• Restricted fixed asset funds	£24,156,767
• Total	£21,669,454

Cash at bank and on hand at 31<sup>st</sup> August 2015 amounted to £1,385,973 (2014: £439,325). A substantial portion of the positive movement in funds related to transfers on conversion which accounted for £578,789 of this.

### 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. The academies within the trust are expected to retain 12% of their 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 £373,687 in unrestricted general funds at 31 August 2015.

### 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.

### Financial and Risk Management Objectives and Policies

The trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of Delegation
- Financial Regulations

## **Trustees' Report** *(continued)*

### **Principal 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 two 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.

## Trustees' Report *(continued)*

### Plans for Future Periods

The central team recorded a deficit in the year ended 31 August 2015. A breakeven budget has been set for the financial year 2015/16 both for the central team and for the trust overall.

It is intended that the board of trustees will revisit its strategic direction during the financial year 2015/16 to ensure that a managed growth of the trust ensures that any such future risks, as identified above, are mitigated.

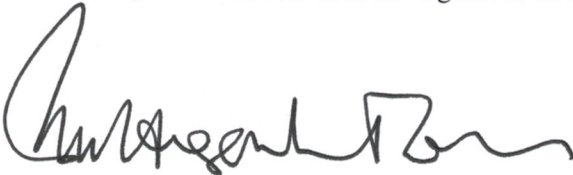
### Auditor

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 auditor, KPMG, is willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2015 and signed on the board's behalf by:



**Ian Higginbotham**  
*Chair of Trustees*  
8 December 2015



## Governance Statement

### 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 12 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
Ian Higginbotham	10	12
Graeme Pollard	10	12
Liz Agbetteh	10	10
Daniel Berry	9	12
Ian Cherry	10	11
Alan Davies	2	4
Peter Hullah	3	8
Carolyn Johnson	7	11
Fred Kershaw	10	12
Elizabeth Nicholls	11	12
Stephen Whittaker	4	4

Alan Davies, former Chief Executive Officer, resigned from the post and his place on the board with effect from 31 December 2014. Liz Agbetteh was seconded to the trust from the Blackburn Diocesan Board of Education with effect from 1 November 2014.

Peter Hullah was the Interim Director of Education at the Blackburn Diocesan Board of Education and resigned from that post with effect from 31 March 2015 and consequently his position on the board. Stephen Whittaker was appointed to the post of Director of Education at the Blackburn Diocesan Board of Education and took up a seat on the board with effect from 1 April 2015.

I Higginbotham, I Cherry and C Johnson were all appointed to the board by the members in September, October and October 2014 respectively to fill vacancies on the board.

### Governance Reviews

The board of trustees met, following its meeting in April 2015, to explore the strategic direction of the trust and also to review its approach to governance.

The result of the governance review was the establishment of a formal committee structure and membership which was described under the heading of 'Organisational Structure' in the Trustees' Report.

This has resulted in a more robust structure for the trust enabling the committees to focus more clearly on their role of scrutinising performance for their particular areas.

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.

## Governance Statement *(continued)*

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 Committee

The Finance 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.

Attendance at meetings in the period 1 June 2015 to 31 August 2015 was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ian Cherry (Chair)	1	1
Graeme Pollard	1	1
Stephen Whittaker	0	1
Daniel Berry	0	1
Liz Agbettoh	1	1

### Audit Committee

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

'Subject to the responsibilities of the board to and the scheme of delegation to:

- 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;
  - 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.'

Attendance at meetings in the period 1 June 2015 to 31 August 2015 was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Graeme Pollard (Chair)	1	1
Ian Cherry	1	1
Carolyn Johnson	1	1
Fred Kershaw	0	1

## Governance Statement *(continued)*

### 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 June 2015 to 31 August 2015 was as follows:

Trustee	Meetings attended	Out of a possible
Elizabeth Nicholls (Chair)	1	1
Ian Higginbotham	1	1
Liz Agbettoh	1	1

### 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.’

This Committee did not meet in the year of this report. Membership of the committee was as follows:

Trustee	Meetings attended	Out of a possible
Carolyn Johnson (Chair)	0	0
Ian Higginbotham	0	0
Stephen Whittaker	0	0
Fred Kershaw	0	0
Liz Nicholls	0	0

A full timetable of meetings for the board and its committees was produced for the year 2015/16.

### 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 accounting officer considers how the trust’s use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year in the following ways:

- The performance of Academies in the trust are set out on page 9. The results for Key Stage 4 at St George’s School recorded a 4 percentage point improvement, from 47% to 51%, in the number of students achieving at least five A\* to C GCSEs including English and maths. There was a significant improvement in results at St Aidan’s Primary School where the number students achieving a Level 4 or better in reading, writing and maths at the end of Key Stage 2 increased by 31 percentage points from 48% to 79%. Using the same measure at Baines Endowed Primary School there was a 7 percentage point improvement 66% to 73% at the end of Key Stage 2.
- The centralisation of payroll has allowed the trust to monitor staff costs and remove duplication from the payroll processing cycle. Monthly payroll processing was previously carried out by academies’ legacy local authority provider. 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.

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

- 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 period 1 September 2014 to 31 August 2015 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 1 September 2014 to 31 August 2015 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 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;
- identification and management of risks.

The board prepared an invitation to tender for the provision of an internal audit service during the year. However, due to the budgetary constraints noted in the Trustees' Report, the trust took a decision to defer. This decision will be reviewed before September 2016 and subject to budgetary constraints internal auditors will be appointed during 2016/17. 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, an external review of forecasting procedures by KPMG, monthly School Business Manager network meetings and the appointment of Ian Cherry to the board of trustees. Ian Cherry is a fellow of the ICAEW, a registered auditor, a forensic accountant and an expert witness.



## Governance Statement *(continued)*

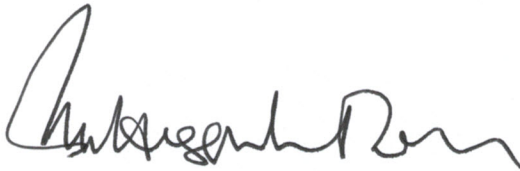
### Review of Effectiveness

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.

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 8 December 2015 and signed on its behalf by:



**Ian Higginbotham**  
*Trustee*



**Liz Agbetoh**  
*Accounting Officer*

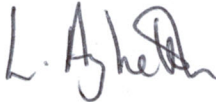


## Statement on Regularity, Propriety and Compliance

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

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 EFA.



**Liz Agbettoh**  
*Accounting Officer*  
8 December 2015

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Cidari Education Limited and are also the directors of the charitable company for the purpose of company law) are responsible for preparing the Trustee's 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:

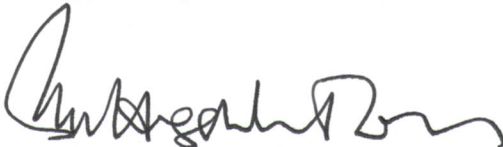
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 8 December 2015 and signed on its behalf by:



**Ian Higginbotham**  
*Chair of Trustees*



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

We have audited the financial statements of Cidari Education Limited for the year ended 31 August 2015 set out on pages 24 to 46. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) 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 2014 to 2015 (SORP 2005) 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 2014 to 2015 (SORP 2005) 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 19, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and charitable company's affairs at 31 August 2015, 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 year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA.

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

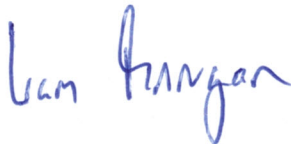
In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditor's report to the members of Cidari Education Limited *(continued)*

### 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Liam Finnigan (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF

14<sup>th</sup> December 2015

## **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 25 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2014 to 31 August 2015 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 2015 and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

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 Headteachers on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;

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

- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Liam Finnigan

Reporting Accountant

for and on behalf of KPMG LLP

Chartered Accountants

Edward VII Quay

Navigation Way

Preston

PR2 2YF



December 2015

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

*for the year ended 31 August 2015*

	<i>notes</i>	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Year ended 31/08/15 £	Period ended 31/08/14 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
- voluntary income	3	63,838	-	-	63,838	2,119
- voluntary income – transfer on conversion	3	-	578,789	9,427,504	10,006,293	15,671,366
- activities for generating funds	4	214,035	-	-	214,035	9,509
- investment income	5	3,623	-	-	3,623	831
<i>Incoming resources from charitable activities</i>						
- Funding for the academy trust's educational operations	6	-	10,702,477	208,845	10,911,322	2,842,346
<b>Total incoming resources</b>		<b>281,496</b>	<b>11,281,266</b>	<b>9,636,349</b>	<b>21,199,111</b>	<b>18,526,171</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income		63,802	-	-	63,802	2,100
<i>Charitable activities</i>						
- Academy trust educational operations	7	-	11,368,135	444,103	11,812,238	3,126,484
<i>Governance costs</i>	9	-	173,947	-	173,947	131,257
<b>Total resources expended</b>		<b>63,802</b>	<b>11,542,082</b>	<b>444,103</b>	<b>12,049,987</b>	<b>3,259,841</b>
<b>Net income/(expenditure) resources before transfers</b>		<b>217,694</b>	<b>(260,816)</b>	<b>9,192,246</b>	<b>9,149,124</b>	<b>15,266,330</b>
Gross transfers between funds		<b>(187,837)</b>	<b>155,816</b>	<b>32,021</b>	<b>-</b>	<b>-</b>
<b>Net income/(expenditure) for the year</b>		<b>29,857</b>	<b>(105,000)</b>	<b>9,224,267</b>	<b>9,149,124</b>	<b>15,266,330</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension scheme	24	-	(45,000)	-	(45,000)	(157,000)
<b>Net movement in funds</b>		<b>29,857</b>	<b>(150,000)</b>	<b>9,224,267</b>	<b>9,104,124</b>	<b>15,109,330</b>
Total funds brought forward		343,830	(1,275,000)	14,932,500	14,001,330	-
Pension deficit upon business combination		-	(1,436,000)	-	(1,436,000)	(1,108,000)
<b>Total funds carried forward at 31 August 2015 / 31 August 2014</b>		<b>373,687</b>	<b>(2,861,000)</b>	<b>24,156,767</b>	<b>21,669,454</b>	<b>14,001,330</b>

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 the above amounts relate to continuing activities.

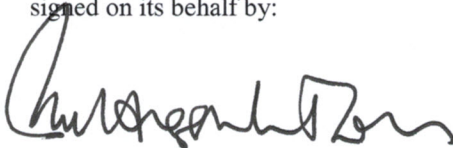
**The notes on pages 27 to 46 form an integral part of these financial statements.**



**Balance Sheet**  
*as at 31 August 2015*

	<i>Note</i>	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	13	24,156,767	15,157,317
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	14	460,741	186,475
Cash at bank and in hand		1,385,973	439,325
		<hr/>	<hr/>
		1,846,714	625,800
<b>Creditors: amounts falling due within one year</b>	15	(1,473,027)	(506,787)
		<hr/>	<hr/>
<b>Net current assets</b>		373,687	119,013
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		24,530,454	15,276,330
Staff pension liability	24	(2,861,000)	(1,275,000)
		<hr/>	<hr/>
<b>Net assets including pension liability</b>		21,669,454	14,001,330
		<hr/> <hr/>	<hr/> <hr/>
<b>Funds of the academy trust</b>			
<b>Restricted funds</b>	16		
- Fixed asset fund	16	24,156,767	14,932,500
- General fund	16	-	-
- Pension reserve	16	(2,861,000)	(1,275,000)
		<hr/>	<hr/>
<b>Total restricted funds</b>	16	21,295,767	13,657,500
<b>Unrestricted income funds</b>	16		
- General fund		373,687	343,830
		<hr/>	<hr/>
<b>Total unrestricted funds</b>	16	373,687	343,830
		<hr/>	<hr/>
<b>Total Funds</b>	17	21,669,454	14,001,330
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the trustees and authorised for issue on 8 December 2015 and were signed on its behalf by:



**Ian Higginbotham**  
*Chair of Trustees*

Company registered number: 08822760

**The notes on pages 27 to 46 form an integral part of these financial statements.**

**Cash Flow Statement**  
*for the year ended 31 August 2015*

	<i>Note</i>	<b>Year ended 31/08/15 £</b>	Period ended 31/08/14 £
<b>Net cash inflow from operating activities</b>	20	572,402	267,508
Cash transferred on conversion	20	578,789	451,877
Returns on investments and servicing of finance	21	3,623	831
Capital expenditure	22	<b>(208,166)</b>	(280,891)
<b>Increase/(decrease) in cash in the period</b>		<b>946,648</b>	439,325
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		439,325	-
<b>Net funds at 31 August 2015</b>		<b>1,385,973</b>	439,325

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### *Going concern*

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of 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 £24,156,767 (2014:£14,932,500) and a deficit on the Restricted Pension Reserve Fund of £2,861,000 (2014:£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 2016 the board of trustees is confident that, notwithstanding that liability, they are able to continue operating without any restriction do have therefore accounted for the trust on a going concern basis. The following financial forecasts have been prepared for the trust.

Financial Year Forecasts	2015/16 £000s	2016/17 £000s	2017/18 £000s
Income	12,928	15,086	20,481
Staff costs	10,200	11,886	16,106
Non staff costs	2,734	3,022	3,942
Surplus	<u>(6)</u>	<u>178</u>	<u>433</u>

#### *Incoming Resources*

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

- **Grants Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

## Notes (continued)

- **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 academy trust's accounting policies.

### *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.

- **Costs of Generating Funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### *Tangible Fixed Assets*

Assets costing £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 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 freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Long leasehold buildings 50 Years
- Fixtures, fittings and equipment 10 Years

## Notes (continued)

### *Tangible Fixed Assets (continued)*

- Office equipment 5 Years
- ICT equipment 3 Years
- Plant & Machinery 15 Years

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

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

### *Recognition and Valuation of Land and Buildings*

The academy trust has been granted use land and buildings from the trustees at two academies. Whereas the transfers of other school properties are the subject of 125 year leases the transfers of St Aidan's and Baines from the Trustees of the respective Schools are, individually, the subject of a Transfer Agreement and a Supplemental Agreement. Neither of these documents are leases for either school and have no defined duration. The Transfer Agreements for both properties clearly stipulate that the freehold title to the properties are excluded from the arrangement and retained by the Trustees of the schools.

However, under the requirements of accounting standards and EFA guidance recognition should look beyond legal title and consider control of assets, and as a key consideration within the risks and rewards of ownership, in determining whether or not these assets should be recognised as incoming resources in the SOFA and on the balance sheet of the entity.

This is an area of judgement and alternative views may be taken as to whether control and risk and rewards have sufficiently transferred to Cidari to justify recognition.

Indicators that there has been sufficient transfer of control, risks and rewards to Cidari include:

- Cidari has the right of use (for an undefined period) in fulfilment of its objectives;
- Cidari is responsible for the cost of maintenance and insurance of the sites;
- The nature of running the schools and the investments required by Cidari demonstrate that these are a long term, rather than short term, arrangements.

Indicators that control, risks and rewards remain with the Trustees of the school include:

- Legal title is retained by the Trustees of the schools.
- The Trustees of the schools have the ability to terminate the Supplemental Agreement with two year's notice. The agreement does not state that there are any restrictions in respect of the circumstances in which such a termination could be effected by the Trustees of the schools.

Having considered the factors above the Trustees of Cidari have concluded that there is sufficient transfer of control of the assets, and therefore sufficient access to the risks and rewards of ownership, that the assets should be recognised as income resources in the SOFA and on the balance sheet. In arriving at this conclusion the Trustees of Cidari have also considered the guidance in section 8.7.4 of the Academies Financial Handbook 2014/15 which requires that in such an arrangement the assets should be recognised.

## Notes (continued)

### *Leased Assets*

Rentals under operating leases are charged on a monthly and quarterly basis over the lease terms.

### *Transfer on conversion*

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation – Profession Standards, 8<sup>th</sup> Edition 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*

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.

### *Stock*

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### *Taxation*

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

### *Pensions Benefits*

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

## Notes (continued)

### Fund Accounting

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

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

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

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. The academy trust has not carried forward any funds for the year ended 31 August 2015.

### 3 Voluntary income

	Unrestricted £	Restricted £	Restricted Fixed Asset £	Year ended 31/08/15 £	Period ended 31/08/14 £
Donations	22,329	-	-	22,329	560
Staff consultancy	26,406	-	-	26,406	(350)
Music services income	4,112	-	-	4,112	173
Trip income	10,991	-	-	10,991	1,736
	<u>63,838</u>	<u>-</u>	<u>-</u>	<u>63,838</u>	<u>2,119</u>
Voluntary income – transfer on conversion	-	578,789	9,427,504	10,006,293	15,671,366
	<u>63,838</u>	<u>578,789</u>	<u>9,427,504</u>	<u>10,070,131</u>	<u>15,673,485</u>

### 4 Activities for Generating Funds

	Unrestricted funds £	Restricted funds £	Year ended 31/08/15 Total £	Period ended 31/08/14 Total £
Hire of facilities	13,397	-	13,397	7,203
Catering income	51,058	-	51,058	2,306
Private Funds	99,646	-	99,646	-
Sale of goods and services	45,968	-	46,235	-
Other	3,966	-	3,966	-
	<u>214,035</u>	<u>-</u>	<u>214,035</u>	<u>9,509</u>

**Notes** (continued)

**5 Investment income**

	Unrestricted funds	Restricted funds	Year ended 31/08/15 Total	Period ended 31/08/14 Total
	£	£	£	£
Bank interest receivable	3,623	-	3,623	831
	<u>3,623</u>	<u>-</u>	<u>3,623</u>	<u>831</u>
	<u><u>3,623</u></u>	<u><u>-</u></u>	<u><u>3,623</u></u>	<u><u>831</u></u>

**6 Funding for the academies educational operations**

	Unrestricted funds	Restricted funds	Restricted Fixed Asset	Year ended 31/08/15 Total	Period ended 31/08/14 Total
	£	£	£	£	£
<b>DfE/EFA revenue grants</b>					
- General Annual grant (GAG)	-	9,718,566	-	9,718,566	2,492,208
- Start up grants	-	-	-	-	12,953
- Other DfE/EFA grants	-	237,312	208,845	446,157	40,000
	<u>-</u>	<u>9,955,878</u>	<u>208,845</u>	<u>10,164,723</u>	<u>2,545,161</u>
	<u><u>-</u></u>	<u><u>9,955,878</u></u>	<u><u>208,845</u></u>	<u><u>10,164,723</u></u>	<u><u>2,545,161</u></u>
<b>Other Government grants</b>					
- Local authority grants	-	44,463	-	44,463	39,258
- Other	-	702,136	-	702,136	257,927
	<u>-</u>	<u>746,599</u>	<u>-</u>	<u>746,599</u>	<u>297,185</u>
	<u><u>-</u></u>	<u><u>746,599</u></u>	<u><u>-</u></u>	<u><u>746,599</u></u>	<u><u>297,185</u></u>
<b>Total</b>	<u><u>-</u></u>	<u><u>10,702,477</u></u>	<u><u>208,845</u></u>	<u><u>10,911,322</u></u>	<u><u>2,842,346</u></u>



**Notes** (continued)

**7 Resources expended**

	Staff costs	Non Pay Premises	Expenditure Other	Year ended 31/08/15	Period ended 31/08/14
	£	£	£	£	£
<b>Cost of activities for generating funds</b>	47,536	3,024	13,242	63,802	2,100
<b>Academy Trust's educational operations</b>					
Direct costs	7,143,061	81,315	1,535,514	8,759,890	2,242,257
Allocated support costs	1,619,536	186,574	1,246,238	3,052,348	884,227
	<u>8,762,597</u>	<u>267,889</u>	<u>2,781,752</u>	<u>11,812,238</u>	<u>3,126,484</u>
<b>Total</b>					
<b>Governance costs including allocated support costs</b>	80,075	-	93,872	173,947	131,257
	<u>8,890,208</u>	<u>270,913</u>	<u>2,888,866</u>	<u>12,049,987</u>	<u>3,259,841</u>

Incoming/outgoing resources for the period include:

	2015 £	2014 £
Operating leases		
- Motor vehicles	10,158	9,168
- Plant & Machinery	50,578	-
	<u>60,736</u>	<u>9,168</u>
Fees payable to auditor for:		
- Audit	28,300	15,000
- Other services	19,970	12,715
	<u>48,270</u>	<u>27,715</u>

During the financial year there was no expenditure incurred on any of the following:

- Ex-gratia payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

Details of compensation payments made to staff during the period are disclosed in note 10.

**Notes** (continued)

**8 Charitable activities – Academy Trust’s Educational Operations**

	Year ended 31/08/15 Total £	Period ended 31/08/14 Total £
<b>Direct costs – educational operations</b>		
Teaching and educational support staff and costs	7,143,061	1,834,589
Depreciation	636,220	168,667
Educational supplies	535,740	159,497
Examination fees	55,726	19,579
Staff development	48,378	21,435
Other direct costs	330,250	38,490
	<hr/>	<hr/>
<b>Total direct costs</b>	<b>8,749,375</b>	<b>2,242,257</b>
	<hr/>	<hr/>
<b>Support costs – educational operations</b>		
Support staff costs	1,633,913	418,803
Technology costs	141,198	103,687
Maintenance of premises and equipment	186,574	83,126
Rent and rates	121,834	23,695
Energy	169,523	36,851
Insurance	87,731	83,142
Catering	251,113	22,271
Bank charges	1,780	348
Other support costs	469,197	112,304
	<hr/>	<hr/>
<b>Total support costs</b>	<b>3,062,863</b>	<b>884,227</b>
	<hr/>	<hr/>
<b>Total direct and support costs</b>	<b>11,812,238</b>	<b>3,126,484</b>
	<hr/>	<hr/>

**9 Governance costs**

	Unrestricted funds £	Restricted funds £	Year ended 31/08/15 Total £	Period ended 31/08/14 Total £
Professional – Accountancy fees	-	93,750	93,750	27,715
Support – Staff costs – wages and salaries	-	80,075	80,075	92,156
Support – Staff costs – Employer’s NIC	-	-	-	5,148
Support – Staff costs – Pension costs	-	-	-	6,238
Trustees reimbursed expenses	-	122	122	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	173,947	173,947	131,257
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Auditor’s remuneration</b>				
- Audit of financial statements	-	28,300	28,300	15,000
- Other non-audit fees	-	19,970	19,970	12,715
	<hr/>	<hr/>	<hr/>	<hr/>
	-	48,270	48,270	27,715
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes** *(continued)*

**10 Staff**

	2015	2014
	£	£
<b>a. Staff costs</b>		
Wages and salaries	6,893,253	1,754,333
Social security costs	491,637	130,041
Operating costs of defined benefit pension schemes	1,031,830	221,760
	<hr/>	<hr/>
Total costs	8,416,720	2,106,134
Supply staff costs	347,698	124,408
Staff restructuring costs	45,715	-
	<hr/>	<hr/>
	8,810,133	2,230,542
	<hr/> <hr/>	<hr/> <hr/>

**b. Staff severance payments**

During the period the trust has incurred four severance payments totalling £45,715 (2014: £30,000) which are non-statutory/non-contractual severance payments. The individual amounts paid were £4,000, £6,000, £12,165 and £23,550.

**c. Staff numbers**

The average monthly number of staff (including the trustees) within the academies during the period, expressed as full time equivalents, was:

	2015	2014
	Number	Number
<b>Charitable activities</b>		
Teachers	87	65
Administration and support	107	55
Management	22	12
	<hr/>	<hr/>
	216	132
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 10 Employees (continued)

#### d. Higher paid staff

The number of staff whose emoluments exceeded £60,000 is summarised below. Prior year amounts have been restated as full year equivalents for comparison purposes due to the prior year period being just five months. The amounts are as follows:

	2015 Number	2014 Number
£60,001-£65,000	2	-
£65,001-£70,000	1	-
£70,001-£75,000	1	-
£75,001-£80,000	2	-
£80,001-£85,000	-	-
£85,001-£90,000	-	-
£90,001-£95,000	1	-
£95,001-£100,000	-	-
£100,001-£105,000	1	-

Six of the above staff participated in the Teachers' Pension Scheme and two participated in the Local Government Pension Scheme. During the period ended 31 August 2015 employer's pension contributions for these staff amounted to £74,095 (2014: £30,485).

In addition to the table above, two staff joined the trust during the year whose emoluments would have exceeded £60,000 had they been employed by the trust for the full year. The table below shows the annual equivalent emoluments for those staff:

	2015 Number
£75,001-£80,000	1
£80,001-£85,000	1

### 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 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:

L Agbettoh (chief executive officer and trustee)
Remuneration £60,001 - £65,000
Employer's pension contributions £5,001 - £10,000
D Berry (principal of St George's School and trustee)
Remuneration £100,001 - £105,000
Employer's pension contributions £10,001 - £15,000

During the period ended 31 August 2015, travel expenses totalling £122 (2014: £135) were reimbursed to one trustee.

Other related party transactions involving these trustees are set out in note 25.

## Notes (continued)

### 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 trustees have taken out cover which expires on 4 May 2016. It includes trustees and management liability up to £5,000,000 in any one period of insurance inclusive of all legal costs.

### 13 Tangible Fixed Assets

	Long Leasehold property £	Fixtures and fittings £	Under Construction £	Computers £	Total £
<b>Cost or valuation</b>					
At 31 August 2014	14,609,194	228,310	141,643	346,837	15,325,984
Additions	154,480	6,036	(141,643)	189,293	208,166
Transferred on conversion	9,215,991	77,704	-	133,809	9,427,504
	<u>23,979,665</u>	<u>312,050</u>	<u>-</u>	<u>669,939</u>	<u>24,961,654</u>
At 31 August 2015					
<b>Depreciation</b>					
At 31 August 2014	112,593	9,077	944	46,053	168,667
Charge for the period	391,728	30,943	(944)	214,493	636,220
	<u>504,321</u>	<u>40,020</u>	<u>-</u>	<u>260,546</u>	<u>804,887</u>
At 31 August 2015					
<b>Net book value</b>					
At 31 August 2015	<u>23,475,344</u>	<u>272,030</u>	<u>-</u>	<u>409,393</u>	<u>24,156,767</u>
At 31 August 2014	<u>14,496,601</u>	<u>219,233</u>	<u>140,699</u>	<u>300,784</u>	<u>15,157,317</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 Baines Endowed Primary School (£3,468,391), Great Marsden St John's Primary School (£1,398,600), St. Aidan's Primary School (£1,261,000), St. Barnabas' Primary School (£1,303,000) and Darwen St. James' CE Primary Academy (£1,785,000).

### 14 Debtors

	2015 £	2014 £
Trade debtors	26,764	6,448
Other debtors	73,533	170,023
Prepayments and accrued income	360,444	10,004
	<u>460,741</u>	<u>186,475</u>

## Notes (continued)

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

	2015 £	2014 £
Trade creditors	556,049	83,729
Other taxes and social security costs	150,571	74,153
Other creditors	269,706	199,349
Accruals	496,701	149,556
	1,473,027	506,787
	1,473,027	506,787

At the balance sheet date the Multi Academy Trust had deferred income of £136,962.

### 16 Funds

	Balance at 31/08/14 £	Incoming resources £	Resources expended £	Gains losses and transfers £	Balance at 31/08/15 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,718,566	(9,718,566)	-	-
Other DfE/EFA Grants	-	237,312	(237,312)	-	-
Other	-	1,325,388	(1,436,204)	110,816	-
Pension reserve	(1,275,000)	-	(150,000)	(1,436,000)	(2,861,000)
	(1,275,000)	11,281,266	(11,542,082)	(1,325,184)	(2,861,000)
	(1,275,000)	11,281,266	(11,542,082)	(1,325,184)	(2,861,000)
<b>Restricted fixed asset funds</b>					
Restricted fixed assets funds	14,932,500	9,636,349	(444,103)	32,021	24,156,767
	14,932,500	9,636,349	(444,103)	32,021	24,156,767
	14,932,500	9,636,349	(444,103)	32,021	24,156,767
<b>Total restricted funds</b>	13,657,500	20,917,615	(11,986,185)	(1,293,163)	21,295,767
	13,657,500	20,917,615	(11,986,185)	(1,293,163)	21,295,767
<b>Unrestricted funds</b>	343,830	281,496	(63,802)	(187,837)	373,687
	343,830	281,496	(63,802)	(187,837)	373,687
<b>Total unrestricted funds</b>	343,830	281,496	(63,802)	(187,837)	373,687
<b>Total funds</b>	14,001,330	21,199,111	(12,049,987)	(1,481,000)	21,669,454
	14,001,330	21,199,111	(12,049,987)	(1,481,000)	21,669,454

#### Restricted General Funds

Balances carried forward is funding (cash) to be spent on charitable activities of the trust in accordance with the grant agreements.

## Notes (continued)

### 16 Funds (continued)

#### 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 not subject to limits on the amount of General Annual Grants (GAG) that it could carry forward at 31 August 2015. Note 2 discloses that no funds were carried forward.

#### Other DFE/EFA Grants/Other

Fast Track Improvement Grant for St Aidans (£70,000), brought forward from 2013/14, was used in the year on school improvements.

#### Transfers from the Local Education Authority

Cidari Education Limited received restricted resources of £578,789 from the LEA for the schools to continue with their improvement programmes.

#### 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 increased to £2,861,000 (2014:£1,275,000). The charge to the Income & Expenditure Account in the year was £105,000 (2014:£76,000) and other recognised losses were £45,000 (2014: loss of £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 years (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 trustees to meet the charitable objectives of the academy trusts.

#### Assets on Conversion

This fund reflect the fixed assets acquired from St George's School - A Church of England Academy £Nil (2014:£14,064,497), St Luke & St Phillip's Primary School - A Church of England Academy £Nil (2014:£980,596), Baines Endowed Primary School & Children's Centre - A Church of England Academy £3,275,000, Great Marsden St John's Primary School - A Church of England Academy £1,398,600, St Aidan's Primary School - A Church of England Academy £1,261,000, St Barnabas' Primary School - A Church of England Academy, and Darwen St James' Church of England Primary Academy £1,785,000.

The buildings have also been valued by appointed surveyors for the above schools. These have been valued as 125 year leases for the purposes of bringing these assets onto the books of Cidari Education Limited.

- St George's School– Buildings £12,701,330 & Land £985 450
- St Luke & St Phillip's Primary School – Buildings £809,843 & Land £112,580
- Baines Endowed Primary School and Children's Centre – Buildings £3,122,000 & Land £153,000
- Great Marsden St John's Primary School – Buildings £1,398,600
- St Aidan's Primary School – Buildings £1,204,500 & Land £56,500
- St Barnabas' Primary School– Buildings £1,056,000 & Land £247,000
- Darwen St James' Church of England Primary Academy – Buildings £1,435,000 & Land £350,000

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

## Notes (continued)

### 17 Analysis of Net Assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds at 31/08/15	Total funds at 31/08/14
	£	£	£	£	£
Tangible fixed assets	240,867	-	23,915,900	24,156,767	15,157,317
Current assets	1,846,714	-	-	1,846,714	625,800
Current liabilities	(1,473,027)	-	-	(1,473,027)	(506,787)
Pension scheme liability	-	(2,861,000)	-	(2,861,000)	(1,275,000)
<b>Total net assets</b>	<b>614,554</b>	<b>(2,861,000)</b>	<b>23,915,900</b>	<b>21,669,454</b>	<b>14,001,330</b>

### 18 Financial Commitments

#### Operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiring within one year	56,367	19,520
Expiring within two and five years inclusive	157,549	26,626
Expiring in over five years	129,178	-
	<b>343,094</b>	<b>46,146</b>

#### Capital Commitments

	2015 £	2014 £
Contracted but not provided in the financial statements	-	6,924



## Notes (continued)

### 19 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.

### 20 Reconciliation of net income to net cash inflow from operating activities

	2015 £	2014 £
Surplus on continuing operations after depreciation of assets	9,149,124	15,266,330
Cash transferred on conversion	(578,789)	(451,877)
Voluntary income – fixed assets transferred on conversion	(9,427,504)	(15,045,093)
Depreciation	636,220	168,667
Interest receivable	(3,623)	(831)
FRS17 pension cost less contributions payable	28,000	-
FRS17 pension finance (income)/costs	77,000	-
Increase in debtors	(274,266)	(186,475)
Increase in creditors	966,240	516,787
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>572,402</b>	<b>267,508</b>
	<hr/> <hr/>	<hr/> <hr/>

### 21 Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	3,623	831
	<hr/>	<hr/>

### 22 Capital expenditure and financial investment

	2015 £	2014 £
Payments to acquire tangible assets	208,166	280,891
	<hr/>	<hr/>

### 23 Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	439,325	946,648	1,385,973
	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>439,325</b>	<b>946,648</b>	<b>1,385,973</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 24 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. 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 year ended 31 August 2015.

Contributions amounting to £111,662 (2014: £82,314) were payable to the schemes at 31 August 2015 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,017,306 (2014: £276,529).

## Notes (continued)

### 24 Pension and similar obligations (continued)

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £415,000 (2014:£250,000), of which employer's contributions totalled £312,000 (2014:£201,000) and employees' contributions totalled £103,000. The agreed contribution rates for future years range from 12.1 to 12.6 per cent for employers and 5.5 to 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

	2015 %	2014 %
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment/inflation	2.3%	2.2%
Discount rate for scheme liabilities	4.0%	4.0%
Inflation assumption (CPI)	2.3%	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 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7

## Notes (continued)

### 24 Pension and similar obligations (continued)

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

	At 31 August 2015 Assets £	Expected return 2015 £	At 31 August 2014 Assets £	Expected return 2014 £
Equities	(334)	34.4%	(195)	49.7%
Bonds	(54)	5.5%	(1)	0.2%
Other Bonds	(25)	2.6%	(105)	26.6%
Property	(89)	9.1%	(38)	8.6%
Cash liquidity	(13)	1.3%	(9)	2.4%
Other	(458)	47.1%	(45)	11.5%
<b>Total market value of assets</b>	<b>(973)</b>		<b>(393)</b>	
Present value of scheme liabilities				
- Funded	3,834		1,668	
<b>Surplus/(deficit) in the scheme</b>	<b>(2,861)</b>		<b>(1,275)</b>	

The actual return on scheme assets was £17,000 (2014:£13,000).

#### Amounts recognised in the statement of financial activities

	2015 £	2014 £
Current service cost (net of employee contributions)	(340)	(58)
Total operating charge	(340)	(58)

#### Analysis of pension finance income/(costs)

	2015 £	2014 £000
Expected return on pension scheme assets	39	9
Interest on pension liabilities	(116)	(27)
<b>Pension finance income/(costs)</b>	<b>(77)</b>	<b>(18)</b>

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 £202,000 loss (2014: loss of £157,000)

**Notes** (continued)

**24 Pension and similar obligations** (continued)

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

	2015 £000
At 31 August 2014	
Current service cost	1,668
Interest on pension liabilities	340
Member contributions	116
Actuarial (gain)/loss on liabilities	103
Benefits/transfers paid	23
Business combinations	(58)
	1,642
<b>At 31 August 2015</b>	<b>3,834</b>

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

	2015 £000
At 31 August 2014	
Expected return on assets	393
Actuarial gain/(loss)	39
Business combinations	(22)
Employer contributions	206
Member contributions	312
Benefits/transfers paid	103
	(58)
<b>At 31 August 2015</b>	<b>973</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £393,000 (2014:£167,000).

**Summary of experience adjustment is as follows:**

	2015 £000	2014 £000
Present value of defined benefit obligations	(3,834)	(1,668)
Fair value of share of scheme assets	973	393
<b>Deficit in the scheme</b>	<b>2,861</b>	1,275
Experience adjustments on share of scheme assets: £000's	(22)	3
Experience adjustments on scheme liabilities: £000's	-	-

## **Notes** *(continued)*

### **25 Related party transaction**

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.

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

During the year the trust incurred costs of £399,035 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 £343,373 was due to the Blackburn Diocesan Board of Education. All transactions were made in accordance with the trust's financial regulations.

### **26 Events after the balance sheet date**

There were no significant transactions after the balance sheet date.