

# THE COLLABORATIVE ACADEMIES TRUST

(A company limited by guarantee)

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended  
31st August 2014

Company registration number: 08168307

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# THE COLLABORATIVE ACADEMIES TRUST

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# THE COLLABORATIVE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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Members	P. Lincoln (Chairman) T. Nash* A. Sigston*	
Trustees	J. Long L. Pitt H. Lay M. Riley* S.Peck N.Pope	Resigned 21/02/2014 Resigned 31/10/2014  Resigned 19/09/2014 Appointed 21/01/2014 Appointed 30/09/2014

Company secretary Baker Tilly Tax and Accounting Limited

Accounting Officer K. Crossley  
Principal Financial Officer J. Olley

### Management Team:

Chief Education and Operating Officer K. Crossley B.Ed (Hons)  
Chief Finance Officer J. Olley ACA

Principal Kingsthorpe College	D.Morrison	J.Long	Resigned 31/12/2013
Headteacher Lumbertubs Primary School	C. Cook		
Headteacher Manor Court County Primary School	A. Mitchell		
Headteacher Priorswood Primary School	C. Hepher		
Headteacher Spring Lane Primary School	A. Owens	D.McAlpine	Resigned 31/07/2014
Principal Wellesley Park Primary School	L. Gabriel		
Principal Woolavington Village Primary School	W.Beer		

\* member of the Audit Committee

Principal and Registered Office The Mill House  
Kings Acre  
Coggeshall  
Essex.  
C06 1NY

Company Registration Number 08168307 (England and Wales)

Independent Auditor Baker Tilly UK Audit LLP  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

# THE COLLABORATIVE ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS CONTINUED

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Bankers

Barclays Bank Plc  
99 Hatton Garden  
London  
EC1N 8DN

Solicitors

Stone King LLP  
Wellington House  
East Road  
Cambridge  
CB1 1BH

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31st August 2014. The annual report serves the purposes of both the Trustees' Report and the Directors' Report under company law.

The Trust operates primary academies in Essex and Somerset and primary and secondary academies in Northamptonshire.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of The Collaborative Academies Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Collaborative Academies Trust (C.A.T.)

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on pages 2 -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.

#### METHOD OF RECRUITMENT AND APPOINTMENT OF TRUSTEES

The Trustees are appointed and inducted in accordance with the provisions set out in the Memorandum and Articles of Association. Provision within the articles allows for representation on the Board of Directors by three Member Directors appointed by EdisonLearning Ltd, who are themselves a Corporate Member of the Academy Trust. The Chair comes from one of these three Member Directors. In addition, three Principals representing the schools can be elected to serve as a Director, one from the Trust secondary schools, one from the primary schools and a third from any special schools. A Director is also elected from the Parent Governor representatives of the Local Governing Bodies (LGBs) and from the Chairs of Governors of the schools. Three Co-opted Directors can be appointed, along with up to nine other Directors as the Members see fit to add to the experience and expertise of the Board.

#### METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF LOCAL GOVERNORS

Governors are recruited at a local level from existing governing bodies and from other local people. National support has been found through SGOSS, (School Governors' One-Stop Shop) a national charity for governor recruitment. All schools are required to reconstitute their LGBs on conversion, appoint a Chair and agree the composition and Terms of Reference. Parent and Staff governors are elected on the same basis as in many maintained schools.

#### POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Trust Board meets at least once a term formally and Directors are in regular contact otherwise. Induction and training needs are identified as meetings take place. The Board's procedures are set out in the Memorandum and Articles of Association.

#### POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF LOCAL GOVERNORS

The Trust has in place a scheme of delegation and terms of reference for LGBs. The LGBs in effect act as committees of the Board of Directors and discharge their duties within the guidelines and frameworks, set out by the Directors, at a local level. Policies are reviewed in an annual cycle and may be across the whole Trust or be at a local level. Training for Governors and Chairs is provided by the Trust and through the Quality Framework for Governance while training and induction for Trustees also includes Guidance given by the Charities Commission.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

#### ORGANISATIONAL STRUCTURE

The Board is supported by the Chief Education and Operations Officer and Chief Finance Officer. In addition, Achievement Advisers work with the schools either as CAT employees, through the tripartite agreement with EdisonLearning or as Associates. A range of partner organisations has developed, most notably in the form of Baker Tilly to provide audit, Stone King to provide legal advice and EPM to provide HR and Payroll services. The Chief Education and Operating Officer has been appointed to the position of Accounting Officer.

#### CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

EdisonLearning Limited is a corporate member of the Collaborative Academies Trust. It can appoint 3 people to represent it, and it is these three members that can appoint other Trustees. EdisonLearning does not consolidate CAT into its financial statements although it maintains controls that would normally lead it to be treated as a 100% owned subsidiary. The restrictions set out by the Funding Agreement and the Memorandum and Articles of Association of the Trust do not allow for assets of the Trust to be freely used across the business entity and consolidation would materially misrepresent the trading results and assets held by EdisonLearning. The Trust holds a tripartite agreement with the DfE and EdisonLearning ensuring costs associated with using EdisonLearning's school improvement services are provided to CAT 'at cost' with no profit element included. Further details can be found in note 9 and note 24.

Kingsthorpe College provide some information technology support to Spring Lane Primary School and Lumbertubs Primary School. Income and expenditure that is relevant has been accounted for as if the schools were unconnected and been effectively eliminated in the CAT accounts as they are inter-entity.

### OBJECTIVES AND ACTIVITIES

#### OBJECTIVES AND AIMS

Our aim is to develop students who are successful learners, confident individuals and responsible citizens. We will achieve this through ensuring competence in basic skills, embedding values, understanding of the wider world, a set of personal skills and capacities as well as accreditation of knowledge and understanding of the subject disciplines.

#### OBJECTIVES, STRATEGIES AND ACTIVITIES

At the heart of our Academies there is a focus on:

- 1) Relationships and Ethos, creating a more effective structure for academic and pastoral mentoring and dealing consistently with student and family support issues
- 2) Curriculum and Learning opportunities that are stimulating, with a high degree of personalised learning
- 3) Organisation and Systems that have student achievement at the heart, with effective use of time across the Academy day, the benefits of distributed leadership that bring capacity and human scale structures that are efficient and cost effective.

The Collaborative Academies Trust ensure these three foci are underpinned by a rigorous monitoring of performance measures and the development of all staff across each Academy.

The continuous improvement of each Academy will be facilitated through EdisonLearning's donated Intellectual Property (IP) in respect of the Five Strand Design for School Improvement; this consists of a distillation of research to identify best educational practices and a journey to support their implementation. The value of the IP transferred lies predominantly in the ability of the staff used to implement it. It would be difficult to value and separate the IP element being donated, and the Trust are of the opinion that this would also be immaterial in the context of the financial statements.

#### PUBLIC BENEFIT

The Academy Trust Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charities Commission, in exercising their powers. The areas benefitting from the Trust are the areas around Northampton Town, Northamptonshire, and Bridgwater, Chard, Wellington and North Taunton in Somerset.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### STRATEGIC REPORT

#### ACHIEVEMENTS AND PERFORMANCE

On conversion our schools have undertaken an analysis against the Features of Highly Effective Schools – the Collaborative Quality Analysis. This helps to shape priorities against the five areas of the EdisonLearning Ltd Design for School Improvement and informs the school development plan. Our schools then work collaboratively with CAT and EdisonLearning Achievement Advisers through a number of individual and network development days.

School Improvement work is based on particular needs identified in the school development plan and is delivered through CAT Advisers and EdisonLearning and a range of other partners, advisers, consultants and companies as appropriate.

Impact is quality assured through the Key Performance Indicator (KPI) review termly, the School Improvement Partner (SIP) visits and the termly Team Around the School meetings (TArSc group).

All the Heads of the schools in the Trust, along with the Chief Education and Operations Officer, meet half termly to discuss opportunities for all or individual schools and to reflect on barriers to success.

All schools in the Trust either have, or had on conversion, an Ofsted judgement of Requires Improvement or Special Measures. The Trust views that all the schools have made progress in their journey to be good or outstanding however it is also aware that some schools have not made as much progress in their published results as it would have wished. Where this is the case the Board are requesting additional evidence of impact and monitoring along with information on the plans to move the school forward at a quicker pace.

#### KEY PERFORMANCE INDICATORS AND ACHIEVEMENT

Woolavington Village Primary School joined the trust on 1st January 2014

Key performance information is summarised in the tables below:

SCHOOL	REGION	SECTOR	NOR	OFSTED	YEAR
Kingsthorpe College	Northampton	Secondary	1294	3	2013
Lumbertubs Primary School	Northampton	Primary	257	4	2014
Spring Lane Primary School	Northampton	Primary	357	3	2014
Manor Court Community Primary School	Somerset	Primary	319	4	2012
Priorswood Primary School	Somerset	Primary	165	3	2013
Wellesley Park Primary School	Somerset	Primary	348	4	2012
Woolavington Village Primary School	Somerset	Primary	166	4	2013

	5+ A*-C inc English and Maths (EN/Ma)				3 levels inc EN/Ma
	2011	2012	2013	2014	2014
<b>Secondary School</b> Kingsthorpe College	45%	41%	46%	50%	64/68

	Level 4+ Combined EN /Ma				
	2010	2011	2012	2013	2014
<b>Primary Schools</b> Lumbertubs Primary School	33%	59%	68%	33%	53%
Spring Lane Primary School	56%	45%	57%	41%	33%
Manor Court Community Primary School	56%	56%	74%	82%	84%
Priorswood Primary School	63%	63%	67%	74%	28%
Wellesley Park Primary School	76%	81%	84%	88%	85%
Woolavington Village Primary School					65%

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

	2013	2014	2013	2014
	% Level 4+R/Wr/Ma*	% Level 4+R/Wr/Ma*	Progress Progress	Progress Progress
Lumbertubs Primary School	56/56/44	76/68/69	72/84/60	86/71/90
Spring Lane Primary School	63/42/70	48/68/40	77/87/68	78/82/59
Manor Court Community Primary School	82/85/87	90/100/90	89/94/89	84/100/97
Priorswood Primary School	74/84/74	56/72/34	80/100/80	72/100/56
Wellesley Park Primary School	92/88/94	91/86/91	88/96/90	96/100/94
Woolavington Village Primary School		84/77/74		84/90/84

\* R/Wr/Ma= Reading/Writing/Maths

### 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 for the financial statements. Further details regarding the adoption of this basis can be found in the Statement of Accounting Policies.

### FINANCIAL REVIEW

During the year the Trust added one additional primary school in Bridgwater, Somerset. This school converted on the 1st January 2014. The Trust also worked with Somerset County Council on a new build primary school in Bridgwater and its first converter primary school in Essex, both for conversion on the 1st September 2014.

Income is mostly obtained from the Department for Education (DfE)/Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to the Trust's educational objectives. The grants from the DfE/EFA and the associated expenditure can be seen in the restricted funds of the Statement of Financial Activities. All schools continue to receive some funding from their respective local authority for special educational needs, budget adjustments or nursery fees. The total funding received in this way amounted to £14,786,000 (2013:£10,013,000).

The assets and liabilities the Trust acquired on the in year conversion can be seen in note 25.

The Trust received capital grant income that has been shown in the restricted fixed asset income along with a transfer from the revenue reserve to cover fixed assets additions in the period. This included an amount of Academies Maintenance Funding for Manor Court Community Primary school to put in place facilities for a child with special needs. Three schools in the Trust have not had their land and buildings transferred into the Trust because they are part of the Northamptonshire PFI project. The commitments to PFI costs can be seen in note 17 of the financial statements. The reserved fixed asset fund has been reduced by the annual depreciation charge.

Schools have their own delegated authority to make capital purchases from their budget. During the period schools sought advice from the Trust before initiating any major investments. All schools have invested in the use of IT in the current year.

The Statement of Financial Activities shows a surplus of £323,000 (2013:£6,630,000). This includes a surplus of £1,268,000 (2013:£6,398,000) on conversion represented by £124,000 (2013:£1,333,000) cash balances, £1,495,000 (2013: £7,547,000) land and buildings and a pension deficit of £351,000 (2013:£2,482,000).



# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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The Trust uses the following key performance indicators for financial elements of school organisation:

- Current Reserves & Contingencies
- Total payroll as a % of GAG income
- % payroll split between teaching and non-teaching costs
- Cashflow balance

All schools have a strong cashflow balance and budgets to make the best use of their resources to meet the outcomes they have set. The total cash balance was £2,707,000 (2013:£1,964,000).

At the year end total payroll as a percentage of GAG was 80% (2013:78.6%) (excluding Trust staff costs), 88% (2013:89%) of these costs were spent in direct teaching and educational support. The Trust expects schools to spend between 75-80% of GAG in this way, and this meets this target.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Board has recently reviewed risks under the following headings:

#### People & Governance

The Trust is currently reliant on key individuals especially the Chief Education and Operating Officer and Chief Finance Officer. The board have put in place plans to support the running of the trust should a key member of the team be missing for any extended period.

The Trust Board need a broader base of expertise. The Trust have been actively looking to co opt Trustees with the expertise to support certain roles on the board, and is actively seeking to appoint a trustee with a strong financial background in the coming year, having strengthened legal background this year.

#### Finance

Funding - The Trust are aware of the principal risks and uncertainties relating to pupil numbers and government policy on funding. All schools have stable or increasing pupil numbers and the trust keeps up to date with funding changes to put in place the necessary action plans relating to the funding changes.

Compliance, fraud, regularity and propriety - The Trust has in place policies and regulations to minimise the risks. These are supported currently by external audit. The Audit Committee has recently appointed accountants to act in an internal audit capacity to add additional assurance to both the Trust Board and Local Governing Bodies.

#### Strategy

Growth - The Trust are aware of the tensions regarding growing too quickly and not growing at all. In 2014 it turned down a project that was felt to offer extensive risk and will continue to view each new school on its merits. The current schools the Trust holds all need to show that they are moving to 'good' or 'outstanding' to support the Trust expansion strategy of a cluster of schools in Essex as well as to extend the number of schools in Northampton.

#### Individual Academies

Further risk to the Trust's success is adverse Ofsted judgements. The Trust has used Babcock to complete mock inspections on certain schools. The Trust pays for each school to have an independent School Improvement Partner (SIP) that reports regularly to the Chief Education and Operations Officers (CEO) and the Trust also has its own advisers supporting judgements and monitoring progress. Termly 'Team Around The School' Meetings take place to challenge school leaders, progress and the role of the local governing body. The Board has targeted certain schools that need additional reporting and are in regular contact with the CEO on their progress.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### RESERVES POLICY

It is the Trust's view that there should be reserves to support schools to achieve their outcomes for today's children and not hold reserves unnecessarily. The Trust has asked all schools to work towards a reserve of one months staffing cost plus £20,000 for a primary school and £100,000 for a secondary school. This, they believe, will give all schools a working capital buffer and the ability to make decisions that meet the outcomes for their pupils both in the short term and longer term. The total funds of the Trust amounted to £6,923,000 (2013: 6,630,000), with £1,452,000 (2013:£1,262,000) being freely available, the balance being invested in fixed assets, or having restriction, including the deficit on the local pension scheme of £4,034,000 (£2,784,000). Funds notes 15 and 16 set out the carry forward for each school and the analysis between restricted and unrestricted funds. The budgets set by schools should lead to a reduction in reserves next year by £500,000 as schools, especially Kingthorpe College use their resources to raise the standards in teaching and learning and to meet the key performance indicators set out in their development plans and at Trust level.

### INVESTMENTS POLICY

The Trustees maximise income from funds in future years by investing in short term cash deposits.

### PLANS FOR FUTURE PERIODS

The Academy Trust has revised its plans for the future. It is very happy to see the 5th primary school in Somerset, a new build, and its first school in Essex convert on the 1st September 2014. The Trust would like the clusters of primary schools in Northampton and Essex to grow to a similar size and for the secondary school in Northampton to become a centre of excellence in order to support the extension of the secondary school strategy.

Our schools are not custodian Trustees on behalf of others

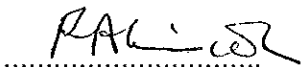
### AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 18th December 2014 and signed on the boards behalf by:



.....

P. Lincoln  
Chairman

# THE COLLABORATIVE ACADEMIES TRUST

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

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

The Board of Trustees have delegated the day-to-day responsibility to the Chief Education and Operations 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 The Collaborative Academies Trust and the Secretary of State for Education. He is also responsible for reporting to the Trust Body 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 Trust Body has formally met 3 times during the year. Attendance during the year at meetings of the trustee body was as follows:

TRUSTEE/DIRECTOR	MEETINGS ATTENDED	OUT OF POSSIBLE	
P.Lincoln	2	3	
A.Sigston	3	3	
T.Nash	3	3	
J.Long	1	1	
L.Pitt	0	3	
H.Lay	2	3	
M.Reilly	3	3	
S.Peck	2	2	
Also in attendance			
K.Crossley	CEO	3	3
J.Olley	CFO	3	3

J.Long was invited to the board as a trustee in conjunction with her role at principal of Kingthorpe College. On retirement J.Long resigned from the board.

All schools have a local governing body committee that takes responsibility for finance. Minutes are submitted to the CEO and circulated to the CFO as necessary. The committee that deals with finance at a local level is seen as a subcommittee of the trust board.

The Audit Committee was established during the year to meet the recommendations set out in the Academies Financial Handbook. Attendance at the meetings was as follows:

TRUSTEES	MEETINGS ATTENDED	OUT OF POSSIBLE	
A.Sigston	2	2	
Margaret Riley	1	2	
Also in attendance			
K.Crossley	CEO	2	2
J.Olley	CFO	2	2

### 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 The Collaborative Academies Trust for the year to 31st August 2014 and up to the date of approval of the annual report and financial statements.

# THE COLLABORATIVE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### CAPACITY TO HANDLE RISK

The Trust Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Body is in the early stages of setting a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks. This process is regularly reviewed by the Trust Body.

### THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Local Governing Body and the Trust Board;
- regular reviews by the Local Governing Bodies Staffing and Resource/Finance committees of reports, followed by full reports at Full Governing Body meetings, 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.

During the year the Trust has replaced the individual school financial regulations with a trust wide set of financial regulations. During the transition period the CFO has reviewed the internal systems. The Academy Trust has recently appointed Crowe Clark Whitehill to review its internal controls in an internal audit role. Crowe Clarke Whitehill will report to the Board on their initial findings in January 2015. Up until this point the Trust will rely on the external annual audit to gain the assurance on the CFO reviews.

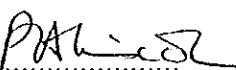
### REVIEW OF EFFECTIVENESS

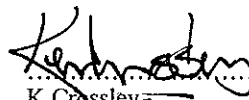
As Accounting Officer, the Chief Education and Operations Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Principal Finance Officer/Chief Financial Officer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the 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. A plan to address weaknesses and ensure continuous improvement of the system will be led by the introduction of the independent internal audit reports.

Approved by order of the members of the Trustees on 18th December 2014 and signed on its behalf by:

  
.....  
P.Lincoln  
Chairman

  
.....  
K.Crossley  
Accounting Officer

# The Collaborative Academies Trust

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

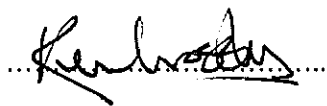
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As Accounting Officer of The Collaborative Academies Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and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

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

During the year the Trust has worked with all schools to put in place a consistent financial regulation regime before appointing someone in the role of responsible officer. The Trust has therefore not complied with the Academies Financial Handbook during the year. The trust have now appointed a firm of Chartered Accountants to act in this capacity for the financial year 2014/2015 and initial reports will be available in January 2015.

I confirm that no instances of material irregular, 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.



K. Crossley  
Accounting Officer

Date: 

# The Collaborative Academies Trust

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees are also the directors of the Charitable Company for the purposes of company law and are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction 2013-2014 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


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

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

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

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

Approved by order of the members of the Trustee Board on 18th December 2014 and signed on its behalf by:

  
.....

P. Lincoln  
Chairman

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COLLABORATIVE ACADEMIES TRUST

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We have audited the financial statements of The Collaborative Academies Trust for the year ended 31 August 2014 on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who act as Trustees for the charitable company, and are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 standards require us to comply with the Auditing Practices Board's (APB'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 <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 charitable company's affairs as at 31st August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COLLABORATIVE ACADEMIES TRUST

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

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

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

Baker Tilly UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

18 December 2014



# The Collaborative Academies Trust

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the year ended 31st August 2014

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	1	263	52	116	431	223
from local authorities on conversion	25	124	(351)	1,495	1,268	6,398
Activities for generating funds	2	68	-	-	68	28
Investment income	3	2	-	-	2	1
Income from charitable activities						
Academy Trust's educational operations	4	-	14,786	-	14,786	10,013
<b>TOTAL INCOMING RESOURCES</b>		<b>457</b>	<b>14,487</b>	<b>1,611</b>	<b>16,555</b>	<b>16,663</b>
<b>RESOURCES EXPENDED</b>						
Cost of generating funds:						
Costs of generating voluntary income	5	215	-	-	215	138
Fundraising trading	5	52	-	-	52	12
Charitable activities:						
Academy Trust's educational operations	5, 6	-	14,536	381	14,917	9,220
Governance costs	5, 7	-	365	-	365	431
<b>TOTAL RESOURCES EXPENDED</b>		<b>267</b>	<b>14,901</b>	<b>381</b>	<b>15,549</b>	<b>9,801</b>
<b>NET INCOMING/(OUTGOING)</b>						
<b>RESOURCES BEFORE TRANSFERS</b>		<b>190</b>	<b>(414)</b>	<b>1,230</b>	<b>1,006</b>	<b>6,862</b>
Gross transfers between funds	15	-	(51)	51	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE PERIOD</b>		<b>190</b>	<b>(465)</b>	<b>1,281</b>	<b>1,006</b>	<b>6,862</b>
<b>OTHER RECOGNISED</b>						
Actuarial losses on defined benefit pension schemes	23	-	(683)	-	(683)	(232)
<b>NET MOVEMENT IN FUNDS</b>		<b>190</b>	<b>(1,148)</b>	<b>1,281</b>	<b>323</b>	<b>6,630</b>

# The Collaborative Academies Trust

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) (CONTINUED)

For the period ended 31st August 2014

		Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
	<i>Notes</i>					
NET MOVEMENT IN FUNDS		190	(1,148)	1,281	323	6,630
RECONCILIATION OF FUNDS						
Total funds brought forward		1,262	(2,240)	7,608	6,630	-
TOTAL FUNDS						
CARRIED FORWARD	15, 16	1,452	(3,388)	8,889	6,953	6,630

All of the Academy Trust's activities derive from continuing operations during the above two periods.

There were no gains and losses other than those included above.

# The Collaborative Academies Trust

Company registration number: 08168307

## BALANCE SHEET

As at 31st August 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11		8,783		7,579
<b>CURRENT ASSETS</b>					
Stock	12	32		28	
Debtors	13	491		487	
Cash at bank and in hand		<u>2,707</u>		<u>1,964</u>	
		3,230		2,479	
CREDITORS: Amounts falling due within one year	14	<u>(1,026)</u>		<u>(644)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,204</u>		<u>1,835</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,987</u>		<u>9,414</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>10,987</u>		<u>9,414</u>
Pension Scheme Liability	23		<u>(4,034)</u>		<u>(2,784)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><u>6,953</u></u>		<u><u>6,630</u></u>
<b>THE FUNDS OF THE ACADEMY TRUST:</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset fund	15		8,889		7,608
General fund	15		646		544
Restricted funds excluding pension reserve			<u>9,535</u>		<u>8,152</u>
Pensions reserve	15		<u>(4,034)</u>		<u>(2,784)</u>
<b>TOTAL RESTRICTED FUNDS</b>			<u><u>5,501</u></u>		<u><u>5,368</u></u>
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	15		<u>1,452</u>		<u>1,262</u>
<b>TOTAL FUNDS</b>			<u><u>6,953</u></u>		<u><u>6,630</u></u>

The financial statements on pages 16 to 48 were approved by the Trustees and authorised for issue on 18th December 2014 and are signed on their behalf by:



P. Lincoln  
Chairman

# The Collaborative Academies Trust

## CASH FLOW STATEMENT

For the year ended 31st August 2014

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	<i>Notes</i>	2014 £'000	2013 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	590	725
Returns on investments and servicing of financing	19	2	1
Capital expenditure	20	27	(95)
Cash transferred on conversion to an academy trust	19A	124	1,333
		<hr/>	<hr/>
INCREASE IN CASH IN THE PERIOD	21	743	1,964
		<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		2014 £'000	2013 £'000
Increase in cash in the period		743	1,964
		<hr/>	<hr/>
NET FUNDS AT 31st AUGUST 2014	21	743	1,964
		<hr/> <hr/>	<hr/> <hr/>

# The Collaborative Academies Trust

## ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice: 'Accounting and Reporting by Charities' ('SORP 2005'), the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and 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 have assessed that the use of going concern is appropriate. To do this they assess pupil numbers, budgets and cashflows and looked at possible uncertainties in their three years forecast. The Trustees consider that the Trust will remain a going concern and therefore the going concern basis is appropriate.

### 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

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

The General Annual Grant 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.

### DONATIONS

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

### OTHER INCOME

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

### INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### DONATED SERVICES AND GIFTS

The value of donated services and gifts on kind provided to the 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 assets category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

# The Collaborative Academies Trust

## ACCOUNTING POLICIES (CONTINUED)

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### RESOURCES EXPENDED

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

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

Charitable activities are costs incurred on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

### TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised at cost 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 asset fund in the statement of Financial Activity 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 fixed assets have been acquired with the unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold land	Over the life of the lease
Long leasehold buildings	Over the remaining useful life based on the surveyor valuation at conversion (between 19-27 years)
Fixtures, fittings and equipment	Over 3 years
Motor Vehicles	Over 5 years

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.

### TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

### STOCKS

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

# The Collaborative Academies Trust

## ACCOUNTING POLICIES (CONTINUED)

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### LEASED ASSETS

Rentals under operating leases (including PFI contracts) are charged on a straight-line basis over the lease term.

### PENSION 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 23, 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 period.

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 year 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.

The company also contributes to a money purchase pension scheme for qualifying employees which are held in a separately administered funds. Contributions are charged to the SOFA as they become due in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### FUNDS ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objectives 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 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 of Education.

# The Collaborative Academies Trust

## ACCOUNTING POLICIES (CONTINUED)

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### CONVERSION TO AN ACADEMY TRUST

The conversion from state maintained schools to an Academy Trust, involved the transfer of identifiable assets and liabilities and the operation of the schools for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities from the below schools have been transferred during the year on conversion to the Academy Trust and have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Collaborative Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in as a gift/as net expenditure in other resources expended in the Statement of Financial Activities and analysed under unrestricted, restricted general and restricted fixed assets funds. Further details of the transaction are set out in note 25.

#### Schools Converted:

Woolavington Village Primary School

### AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.



# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 2014

1 VOLUNTARY INCOME	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
DfE/EFA capital grants	-	-	116	116	61
Other donations	263	52	-	315	162
	<u>263</u>	<u>52</u>	<u>116</u>	<u>431</u>	<u>223</u>
<b>2 ACTIVITIES FOR GENERATING FUNDS</b>			Restricted general funds £'000	Total 2014 £'000	Total 2013 £'000
Hire of facilities	5	-	5	5	2
Fundraising	5	-	5	5	4
Breakfast and after school club	41	-	41	41	14
Uniform	9	-	9	9	4
Staff services	8	-	8	8	4
	<u>68</u>	<u>-</u>	<u>68</u>	<u>68</u>	<u>28</u>
<b>3 INVESTMENT INCOME</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000	
Short term deposits	2	-	2	2	1
<b>4 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS</b>			Restricted general funds £'000	Total 2014 £'000	Total 2013 £'000
<b>DfE/EFA REVENUE GRANTS</b>					
General Annual Grant (GAG)	-	13,456	13,456	13,456	8,871
Start up Grants	-	160	160	160	350
Other DfE/EFA grants	-	50	50	50	168
<b>TOTAL DfE/EFA REVENUE GRANTS</b>	<u>-</u>	<u>13,666</u>	<u>13,666</u>	<u>13,666</u>	<u>9,389</u>
<b>OTHER GOVERNMENT GRANTS</b>					
Local Authority Grants	-	1,120	1,120	1,120	624
<b>TOTAL OTHER GOVERNMENT GRANTS</b>	<u>-</u>	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>	<u>624</u>
<b>FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS</b>	<u>-</u>	<u>14,786</u>	<u>14,786</u>	<u>14,786</u>	<u>10,013</u>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 5 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
Costs of generating voluntary income	40	-	175	215	138
Fund-raising trading	42	-	10	52	12
Academy Trust's education operations					
Direct costs	9,427	-	1,163	10,590	6,838
Allocated support costs	1,355	1,607	1,365	4,327	2,382
	<u>10,864</u>	<u>1,607</u>	<u>2,713</u>	<u>15,184</u>	<u>9,370</u>
Governance costs including allocated support costs	264	-	101	365	431
	<u>11,128</u>	<u>1,607</u>	<u>2,814</u>	<u>15,549</u>	<u>9,801</u>

Net incoming/(outgoing) resources for the period is stated after charging:	2014 £'000	2013 £'000
Operating leases - plant and machinery	8	3
Operating leases - other	606	400
Fees payable to Baker Tilly UK Audit LLP and its associates for:		
- audit	30	22
- other services	10	3

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 6 CHARITABLE ACTIVITIES - ACADEMY TRUST'S EDUCATION OPERATIONS

	2014 £'000	2013 £'000
<b>DIRECT COSTS</b>		
Teaching and educational support staff	9,427	6,196
Technology costs	108	57
Educational supplies	330	158
Examination fees	133	101
Staff development	96	48
Educational consultants	438	222
Other direct costs	58	56
	<hr/>	<hr/>
	10,590	6,838
	<hr/>	<hr/>
<b>ALLOCATED SUPPORT COSTS</b>		
Support staff costs	1,355	753
Depreciation	381	124
Technology costs	239	148
Maintenance of premises and equipment	249	95
Cleaning	18	4
Rent and rates	752	480
Energy costs	207	178
Insurance	110	83
Catering	217	111
Bank interest and charges	4	2
Other support costs	678	342
Other finance cost - pension finance cost	117	62
	<hr/>	<hr/>
	4,327	2,382
	<hr/>	<hr/>
<b>TOTAL DIRECT AND SUPPORT COSTS</b>	14,917	9,220
	<hr/>	<hr/>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 7 GOVERNANCE COSTS

	2014	2013
	£'000	£'000
Legal and professional fees	59	170
Auditor's remuneration		
Audit of financial statements	30	22
Other services	10	3
Support costs	264	235
Trustees' reimbursed expenses	2	1
	<u>365</u>	<u>431</u>

### 8 STAFF COSTS

	2014	2013
	£'000	£'000
Staff costs during the period were:		
Wages and salaries	8,665	5,732
Social security costs	588	411
Pension costs	1,342	815
	<u>10,595</u>	<u>6,958</u>
Central costs benefits	14	10
Supply teacher costs	492	242
Staff restructuring costs	27	-
	<u>11,128</u>	<u>7,210</u>

#### Staff Severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £27,500. Three of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £10,000, £8,000 and £7,500.

#### Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2014	2014	2013	2013
	No.	FTE	No.	FTE
Teachers	193	152	167	139
Administration and support	282	178	257	170
Management	10	9	8	8
	<u>485</u>	<u>339</u>	<u>432</u>	<u>317</u>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### STAFF COSTS (CONTINUED)

The number of employees whose emoluments fell within the following bands was:

	2014	2013
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2014, pension contributions for these staff amounted to £30,045 (2013:£21,403).

The other member of staff participated in the defined contribution scheme. Pension contributions for that member of staff were £6,960 (2013:£1,160) for the period.

### 9 RELATED PARTY TRANSACTIONS -TRUSTEES' REMUNERATION AND EXPENSES

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as trustees.

The value of the Kingsthorpe College Principal's employed remuneration was £33,676 before she retired. (2013: £83,763). The Principal accrued retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £4,748 (2013:£11,810). Following the principal's resignation from the Trust Board the principal completed consultancy work for the Trust in the amount of £30,100. There were no other school principals/headteachers on the Trust Board.

There are no other staff Trustees and hence no staff Trustee remuneration.

During the year ended 31st August 2014, travel and subsistence expenses totalling £1,638 (2013:£1,431) were reimbursed to Trustees.

S.Peck joined the Board of Trustees on the 21st January 2014. S.Peck was contracted at the beginning of the financial year to provide governance support and guidance to schools in the Somerset Area. During the year S.Peck received £37,900 for his work with schools. S.Peck has not been paid for his time as a Trustee. The board have renewed a contract for the coming year in order that S.Peck can continue his support to the Somerset Schools. The Board consider the fees to be below the current day rate and best value for the Trust at this time. They will review this on an annual basis.

Related party transactions involving the trustees are set out in note 24.

### 10 TRUSTEES' AND OFFICERS INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance is provided within our umbrella policy covering up to £2,000,000 on any one claim.

The cost of this insurance is £3,000 and has been included in the total insurance cost shown in note 6.

The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

11 TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £'000	Fixtures, fittings, equipment & motor vehicles £'000	Total £'000
<b>COST</b>			
At 1st September 2013	7,367	336	7,703
Transfer on conversion (note 25)	1,462	34	1,496
Additions	-	89	89
<b>At 31st August 2014</b>	<b>8,829</b>	<b>459</b>	<b>9,288</b>
<b>DEPRECIATION</b>			
At 1st September 2013	93	31	124
Charge for the period	251	130	381
<b>At 31st August 2014</b>	<b>344</b>	<b>161</b>	<b>505</b>
<b>NET BOOK VALUE</b>			
31st August 2014	8,485	298	8,783
31st August 2013	7,274	305	7,579

12 STOCK

	2014 £'000	2013 £'000
Resources and Stationery	32	28

13 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	53	5
VAT recoverable	207	157
Other debtors	38	219
Prepayments and accrued income	193	106
	<b>491</b>	<b>487</b>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

14 CREDITORS: Amounts falling due within one year	2014 £'000	2013 £'000
Trade creditors	450	134
Other taxation and social security	156	162
EFA creditor: abatement of GAG	-	38
Other creditors	75	9
Accruals and deferred income	345	301
	<hr/>	<hr/>
	1,026	644
	<hr/>	<hr/>
Deferred income:	2014 £'000	2013 £'000
Deferred Income at 1st September 2013	11	-
Amounts released from previous year	(11)	-
Resources deferred in the period	178	11
	<hr/>	<hr/>
Deferred income at 31st August 2014	178	11
	<hr/>	<hr/>

The deferred income includes Universal Infant School Meals advances of £121,092 from the EFA and overpaid Nursery Funding of £47,377 from Northampton County Council.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

15 FUNDS	At 1st September 2013 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	At 31 August 2014 £'000
<b>RESTRICTED GENERAL</b>					
General Annual Grant	434	13,456	(13,353)	(51)	486
Pension reserve	(2,784)	(351)	(216)	(683)	(4,034)
	(2,350)	13,105	(13,569)	(734)	(3,548)
Start up grant	-	160	(160)	-	-
Other DfE/EFA grants	-	50	(50)	-	-
Local authority grants	-	1,120	(1,120)	-	-
Voluntary income	110	52	(2)	-	160
	(2,240)	14,487	(14,901)	(734)	(3,388)
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Inherited fixed assets	7,429	1,495	(276)	-	8,648
DfE/EFA capital grants	60	116	(22)	-	154
Capital expenditure from GAG	119	-	(83)	51	87
	7,608	1,611	(381)	51	8,889
<b>TOTAL RESTRICTED</b>	<b>5,368</b>	<b>16,098</b>	<b>(15,282)</b>	<b>(683)</b>	<b>5,501</b>
<b>UNRESTRICTED FUNDS</b>					
Unrestricted funds	1,262	457	(267)	-	1,452
<b>TOTAL UNRESTRICTED FUNDS</b>	<b>1,262</b>	<b>457</b>	<b>(267)</b>	<b>-</b>	<b>1,452</b>
<b>TOTAL FUNDS</b>	<b>6,630</b>	<b>16,555</b>	<b>(15,549)</b>	<b>(683)</b>	<b>6,953</b>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31st August 2014. A transfer of funds represents the amount of revenue income spent over and above the capital funding received by schools in the purchase of fixed assets.

The Pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Academy Start Up Grant has been created to recognise the restricted grant funding received from the DfE/EFA to assist with the costs incurred by the school during the process on conversion to academy status. The overspend on this fund has been covered by the GAG.



# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2014

### 15 FUNDS (CONTINUED)

The Other DfE/EFA fund has been created to recognise the restricted grant funding received from the DfE/EFA which fall outside the scope of core funding.

The Local Authority revenue grants fund has been set up to recognise the funding received from Northamptonshire and Somerset County Councils. The associated expenditure has been allocated to this fund.

The Voluntary income fund has been created to recognise the donations received by the Academy Trust that have an external restriction.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The DfE/EFA capital grant fund represents the total amount of capital grants received. The monies spent on fixed assets and refurbishment works are therefore allocated to this fund. Depreciation charged on the fixed asset purchases is allocated to the fund. The fund balance carried forward represent the carrying value of the fixed assets purchased using the capital grants received, together with the value of capital grants unspent by the reporting date.

The Capital expenditure from GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund.

Analysis of academies by fund balance:

Fund balances at 31st August were allocated as follows:

	2014	2013
	£'000	£'000
Kingsthorpe College	972	668
Spring Lane Primary School	256	238
Lumbertubs Primary School	160	153
Manor Court Community Primary School	90	198
Priorswood Primary School	250	203
Wellesley Park Primary School	229	247
Woolavington Village Primary School	102	-
Centrally held	39	99
	<u>2,098</u>	<u>1,806</u>
Restricted fixed asset fund	8,889	7,608
Pension reserve	<u>(4,034)</u>	<u>(2,784)</u>
	<u>4,855</u>	<u>4,824</u>
Total funds	<u>6,953</u>	<u>6,630</u>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2014

### 15 FUNDS (CONTINUED)

Analysis of academies by cost:

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff £'000	Educational Supplies £'000	Other Costs (Excluding Depeciation) £'000	Total 2014 £'000	Total 2013 £'000
Kingsthorpe College	4,417	617	129	1,536	6,699	5,334
Spring Lane Primary	1,219	108	69	360	1,756	1,316
Lumbertubs Primary	821	61	59	289	1,230	863
Manor Court	1,033	164	30	339	1,566	557
Priorswood Primary	555	99	18	196	868	283
Wellesley Park Primary	974	149	17	290	1,430	603
Woolavington Primary	400	71	7	78	556	-
Centrally held	49	291	2	505	847	659
LGPS pension finance cost	99	-	-	117	216	62
	<u>9,567</u>	<u>1,560</u>	<u>331</u>	<u>3,710</u>	<u>15,168</u>	<u>9,677</u>

### 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
Tangible fixed assets	-	-	8,783	8,783	7,579
Current assets	1,452	1,672	106	3,230	2,479
Current liabilities	-	(1,026)	-	(1,026)	(644)
Pension scheme liability	-	(4,034)	-	(4,034)	(2,784)
TOTAL NET ASSETS	<u>1,452</u>	<u>(3,388)</u>	<u>8,889</u>	<u>6,953</u>	<u>6,630</u>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 17 FINANCIAL COMMITMENTS

#### OPERATING LEASES

At 31st August the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2014 £'000	2013 £'000
Land and buildings (including PFI arrangements):		
Expiring in over five years	606	488
Other:		
Expiring within two and five years inclusive	27	9
<b>18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Net income	1,005	6,862
Cash impact of transfer on conversion (note 25)	(1,268)	(6,398)
Depreciation (note 11)	381	124
Capital grants from DfE/EFA	(116)	(61)
Interest receivable	(2)	(1)
FRS 17 pension cost less contributions payable (note 23)	99	8
FRS 17 pension finance cost (note 23)	117	62
Increase in stocks	(4)	(28)
Increase in debtors	(4)	(487)
Increase in creditors	382	644
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>590</b>	<b>725</b>
<b>19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Interest received	2	1
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<b>2</b>	<b>1</b>

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

19A CASH TRANSFERRED ON CONVERSION TO AN ACADEMY	2014 £'000	2013 £'000
Cash balance transferred on conversion (note 25)	124	1,333

20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2014 £'000	2013 £'000
Purchase of tangible fixed assets	(89)	(156)
Capital grants from DfE/EFA	116	61
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>27</b>	<b>(95)</b>

### 21 ANALYSIS OF CHANGES IN NET FUNDS

	On 1st September 2013 £'000	Acquisition £'000	Cash flows £'000	At 31st August 2014 £'000
Cash at bank and in hand	1,964	124	619	2,707

### 22 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.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

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### 23 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 Northamptonshire County Council and Somerset County Council. Both are defined-benefit schemes.

Contributions amounting to £61,934 (2013: nil) were payable to the schemes at the 31st August 2014 and are included within creditors.

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

#### **Teachers' Pension Scheme**

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1st April 2001 to 31st March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), 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 ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement, scheme valuations had been suspended since the last valuation in 2004.

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

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

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### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Teachers' Pension Scheme (continued)

##### Valuation of the Teachers' Pension Scheme (continued)

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31st March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

##### Employer and Employee Contribution Rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1st April 2013 to 31st March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate 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.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £773,000 (2013: £529,000).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Local Government Pension Schemes

The LGPS are a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2014 was £596,000 (2013:£358,000), of which employer's contributions totalled £464,000 and employees' contribution totalled £133,000. The agreed rates for future years are 25.6% for employers in Northamptonshire, 18.1% for employers in Somerset and between 5.5 - 6.8 % for employees.

#### NORTHAMPTONSHIRE

##### Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment	2.7%	2.8%
Discount rate	3.7%	4.6%
Inflation (CPI)	2.7%	2.8%

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

	2014	2013
	Years	Years
Retiring today:		
Males	22.3	21.4
Females	24.3	23.3
Retiring in 20 years:		
Males	24.0	23.4
Females	26.6	25.5

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.4%	1,128	6.7%	760
Bonds	2.9%	302	3.5%	188
Property	4.5%	111	4.7%	52
Cash	3.3%	48	3.6%	42
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>1,589</b>		<b>1042</b>
Present value of scheme liabilities				
- Funded		(3,794)		(2,550)
<b>DEFICIT IN THE SCHEME</b>		<b>(2,205)</b>		<b>(1,508)</b>

The actual return on the scheme assets was £147,000 (2013:£106,000).

The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 31st August 2014

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

NORTHAMPTONSHIRE (CONTINUED)

Amounts recognised in the statement of financial activities:	2014	2013
	£'000	£'000
Current service cost	305	209
Total operating charge	305	209
Analysis of pension finance costs	2014	2013
	£'000	£'000
Expected return on pension scheme assets	71	33
Interest on pension liabilities	(125)	(76)
Pension finance income costs	(54)	(43)

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses for Northamptonshire since the adoption of FRS17 is £760,000 (2013:£119,000).

Movements in the present value of defined benefit obligations were as follows:	2014	2013
	£'000	£'000
At 1st September 2013	2,550	-
Upon conversion	-	2,011
Current service cost	305	209
Interest cost	125	76
Employee contributions	79	62
Estimated Benefits Paid	(28)	-
Actuarial loss	763	192
At 31st August	3,794	2,550

Movements in the fair value of Academy Trust's share of scheme assets:	2014	2013
	£'000	£'000
At 1st September 2013	1,042	-
Upon conversion	-	644
Expected return on assets	71	33
Actuarial gain	122	73
Employee contributions	79	62
Estimated benefits paid	(28)	-
Employer contributions	303	230
At 31st August	1,589	1,042

The estimated value of employer contributions for the year ended 31st August 2015 is £313,000 (2014:£294,000).



The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

NORTHAMPTONSHIRE (CONTINUED)

The five-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(3,794)	(2,550)
Fair value of share of scheme assets	1,589	1,042
	<hr/>	<hr/>
Deficit in the scheme	(2,205)	(1,508)
	<hr/> <hr/>	<hr/> <hr/>
Experience adjustments on share of scheme assets: Amount £'000	122	73
	<hr/> <hr/>	<hr/> <hr/>
Experience adjustments on scheme liabilities: Amount £'000	(70)	-
	<hr/> <hr/>	<hr/> <hr/>

SOMERSET

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment	2.7%	2.9%
Discount rate	4.0%	4.7%
Inflation (CPI)	2.7%	2.9%

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

	2014 Years	2013 Years
Retiring today:		
Males	23.6	20.1
Females	26.0	24.1
Retiring in 20 years:		
Males	25.6	22.1
Females	28.3	26.0

The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 31 August 2014

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

SOMERSET (CONTINUED)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.7%	752	6.5%	398
Gilts	3.0%	69	3.5%	33
Other Bonds	3.6%	125	4.4%	60
Property	5.9%	104	5.5%	43
Cash	2.9%	22	0.5%	12
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>1,072</b>		<b>546</b>
Present value of scheme liabilities				
- Funded		<b>(2,764)</b>		<b>(1,822)</b>
<b>DEFICIT IN THE SCHEME</b>		<b>(1,692)</b>		<b>(1,276)</b>

Actual return on scheme assets was £88,000 (2013:£29,000).

The expected return on assets is based on the long-term future expected investment return for each asset class. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Amounts recognised in the statement of financial activities:	2014 £'000	2013 £'000
Current service cost	253	77
<b>Total operating charge</b>	<b>253</b>	<b>77</b>
Analysis of pension finance costs:	2014 £'000	2013 £'000
Expected return on pension scheme assets	48	12
Interest on pension liabilities	(111)	(31)
<b>Pension finance cost</b>	<b>(63)</b>	<b>(19)</b>

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses for Somerset since the adoption of FRS17 is £86,000 (2013:£113,000).

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2013

### 23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Local Government Pension Schemes (continued)

##### SOMERSET (CONTINUED)

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

	2014 £'000	2013 £'000
At 1st September 2013	1,822	-
Upon conversion	586	1,566
Current service cost	253	77
Interest cost	111	31
Employee contributions	54	18
Estimated benefits paid net of transfers	(7)	-
Actuarial loss	82	130

At 31st August 2014

2,901      1,822

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

	2014 £'000	2013 £'000
At 1st September 2013	546	-
Upon conversion	235	451
Expected return on assets	48	12
Actuarial gain	40	17
Employee contributions	54	18
Employer contributions	156	48
Benefits Paid	(7)	-

At 31st August 2014

1,072      546

The estimated value of employer contributions for the year ended 31 August 2015 is £187,000.

The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 31st August 2014

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

SOMERSET (CONTINUED)

The five-year history of experience adjustments is as follows:

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(2,901)	(1,822)
Fair value of share of scheme assets	1,072	546
Deficit in the scheme	(1,829)	(1,276)
Experience adjustments on share of scheme assets: Amount £'000	40	17
Experience adjustments on scheme liabilities: Amount £'000	(86)	-

CONSOLIDATED LOCAL GOVERNMENT PENSION SCHEMES

	2014 £'000	2013 £'000
Present value of defined benefit obligations	(6,695)	(4,372)
Fair value of share of scheme assets	2,661	1,588
Deficit in the scheme	(4,034)	(2,784)
Amounts recognised in the statement of financial activities:	2014 £'000	2013 £'000
Current service cost	558	286
Total operating charge	558	286
Analysis of pension finance income/(costs):	2014 £'000	2013 £'000
Expected return on pension scheme assets	119	45
Interest on pension liabilities	(236)	(107)
Pension finance cost	(117)	(62)

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses for Northamptonshire and Somerset since the adoption of FRS17 is £915,000 (2013: £232,000).

The Collaborative Academies Trust  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the year ended 31st August 2014

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

**Other pension commitments**

In addition to the above, the charitable company also makes payments into a defined contribution scheme on behalf of certain employees. The assets of this scheme are held separately to those of the charitable company in an independently administered fund. The contributions payable for the period are £13,862 (2013:£7,367) and these have been included in the Statement of Financial Activities.

At the 31st August 2014 £nil (2013: nil) was included in creditors.

24 RELATED PARTIES

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulation and normal procurement procedures. The following related party transactions took place in the period of account.

EdisonLearning Limited

The Academy Trust goes to great lengths to make sure that work completed by EdisonLearning Ltd is in line with its Tripartite agreement and that all transactions are completed in line with the Academy Trust's financial regulation and normal procurement procedures. All staff governors and trustees have to complete and review business interest forms regularly and meetings begin with a review of any changes.

During the period EdisonLearning Ltd provided the Trust with a full time Chief Education and Operations Officer, who is the Accounting Officer, and members of staff, including the Chief Financial Officer. The expenditure is recharged to the trust at cost and this is set out below:

	2014	2013
	£'000	£'000
Staff Cost	209	216
School Improvement	65	25
Administrative costs	3	7
I.T costs	-	20
Travel	-	6
	277	274

In 2013 the Trust novated contracts with EdisonLearning to the value of £43,733 in order to provide educational support to the converted school in Northampton.

On an annual basis the Trust reviews all school outcomes and the support that is necessary to meet its development plan. When using EdisonLearning Ltd to support school improvement the Trust looks at both value for money and the expertise to provide that support. The Trust uses support from external providers where this is appropriate in order to maintain its goal of creating the best outcomes for the schools and pupils involved.

Trade Creditors includes a balance of £646 (2013: £19,034) owed to EdisonLearning Limited at the year end.

There are no other related party transactions other than those disclosed.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

### 25 CONVERSION TO AN ACADEMY TRUST

#### SOMERSET

On 1st January 2014 Woolavington Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Collaborative Academies Trust from the Somerset Local Authority for £Nil consideration.

The transfer has 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 income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

#### VOLUNTARY INCOME ANALYSIS:

	TOTAL	Unrestricted	Restricted	Restricted
	£'000	funds	general	fixed
		£'000	fund	asset
			£'000	funds
				£'000
Tangible fixed assets:	-	-	-	-
Leasehold land and buildings	1,462	-	-	1,462
Fixtures and fittings	33	-	-	33
School budget surplus	124	124	-	-
LGPS pension deficit	(351)	-	(351)	-
Net assets/(liabilities)	<u>1,268</u>	<u>124</u>	<u>(351)</u>	<u>1,495</u>

The above net assets include £124,000 transferred as cash.

# The Collaborative Academies Trust

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2014

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### 26 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. The balance brought forward on 1st September 2013 was £3,940. In the period it received £21,304 and disbursed £27,955, with therefore an amount of £2,711 has been included in Other Debtors.

### 27 CENTRAL SERVICES

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

- Conversion support
- Educational support services
- Governance support
- Legal support
- Financial accounting support

The Trust charges for these services at 3 - 4% of total income, excluding SEN income, rates rebates, and internally generated income.

The actual amount charged during the period to each school was as follows:

	2014	2013
	£'000	£'000
Kingsthorpe College	212	167
Spring Lane Primary School	45	35
Lumbertubs Primary School	39	33
Manor Court Community Primary School	56	23
Priorswood Primary School	30	12
Wellesley Park Primary School	50	22
Woolavington Village Primary School	18	-





# THE COLLABORATIVE ACADEMIES TRUST LIMITED

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

In accordance with the terms of our engagement letter dated 4th July 2013 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Collaborative Academies Trust during the period 1st September 2013 to 31st August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Collaborative Academies Trust and the EFA in accordance with the terms of our engagement letter dated 4th July 2013. Our work has been undertaken so that we might state to The Collaborative Academies Trust and the 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 Collaborative Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Collaborative Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Collaborative Academies Trust's funding agreement with the Secretary of State for Education dated 1st November 2012 and the Academies Financial Handbook extant from 1st September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2013 to 31st August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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**THE COLLABORATIVE ACADEMIES TRUST LIMITED**

**Independent Reporting Accountant's Assurance Report on Regularity to The Collaborative Academies Trust and the Education Funding Agency continued**

**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 year 1st September 2013 to 31st August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baker Tilly UK Audit LLP

**BAKER TILLY UK AUDIT LLP**

Chartered Accountants

Marlborough House

Victoria Road South

Chelmsford

CM1 1LN

18 December 2014

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