

Company Registration No. 08168307 (England and Wales)

**THE COLLABORATIVE ACADEMIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

# THE COLLABORATIVE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

- Ex-Officio	T Nash (Resigned 14 September 2018) P Lincoln (Resigned 14 September 2018) R Imms (Resigned 14 September 2018) N Pope (Appointed 14 September 2018) M Abraham (Appointed 14 September 2018)
	M Emerson (Resigned 14 December 2018) C Waterman (Chairman) (Appointed 26 January 2019)

### Trustees

A Campbell (Appointed 14 September 2018)  
C Waterman (Chairman) (Appointed 26 January 2019)  
C Hilliard (Appointed 14 September 2018)  
P Harris Bridge (Appointed 14 December 2018)  
S Abouzahr (Resigned 14 September 2018)  
N Pope (Resigned 14 September 2018)  
M Abraham (Resigned 14 September 2018)  
R Imms (Chairman) (Resigned 14 September 2018)  
M Emerson (Chairman) (Resigned 14 December 2018)  
P Lincoln (Resigned 14 September 2018)  
T Nash (Resigned 14 September 2018)

### Senior management team

- Chief Executive Officer	S Peck (Redundant 31 October 2018)
- Chair	C Waterman
- Director of School Improvement	S McShane (Redundant 31 August 2018)
- Accounting Officer	J Giovanelli (Appointed 14 September 2018)
- Chief Finance Officer	J Olley ACA (Resigned 31 January 2019)
- Chief Finance Officer	J Ricketts (Appointed 1 January 2019)
- Headteacher	J Giovanelli
- Senior Deputy Headteacher	S Wade
- Deputy Headteacher	R Gant
- Deputy Headteacher	B Baines
- Deputy Headteacher	D Eddy
- Director of Operations	J Ricketts
- Senior Strategic Leader	P Hancock
- Senior Strategic Leader	K Hayward-Pretty
- Senior Strategic Leader	S MacDonald
- Senior Strategic Leader	J Hartnett

**Company registration number** 08168307 (England and Wales)

**Principal and registered office** C/O Kingsthorpe College  
Boughton Green Road  
Northampton  
NN2 7HR

**Academies operated**  
Kingsthorpe College

<b>Location</b>	<b>Principal</b>
Boughton Green Road, Northampton, NN2 7HR	J Giovanelli

# THE COLLABORATIVE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Independent auditor**

RSM UK Audit LLP  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

### **Bankers**

Barclays Bank Plc  
99 Hatton Garden  
London  
EC1N 8DN

Lloyds Bank Plc  
George Row  
Northampton  
NN1 1DJ

### **Solicitors**

Stone King LLP  
3rd Floor  
Bateman House  
82-88 Hills Road  
Cambridge  
CB2 1LQ

### **Internal auditor**

SBM Services Ltd  
12 Park Lane Business Centre  
Park Lane, Langham  
Colchester  
CO4 5WR

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT

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

On 1 September 2018 all eight primary schools transferred out to new trusts. The Academy Trust continues with Kingsthorpe College in Northamptonshire as its only school and has 1,332 in the school census dated May 2019.

### 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 (CAT).

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

#### Members' liability

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

#### Trustees' indemnities

The Academy Trust holds insurance that indemnifies Trustees and Governors against losses arising from claims made for maladministration or dishonest, fraudulent, criminal, or malicious act or omission subject to some principal exclusions and up to a value of £2,000,000.

#### Method of recruitment and appointment or election of Trustees

Trustees are appointed and inducted in accordance with the provisions set out in the Memorandum and Articles of Association.

The Memorandum and Articles of Association states that there shall be a minimum of three members, including the Chair of the Trustees, and there shall be not less than three or more than twelve Trustees. Two parent Trustees must be appointed if the Trust does not have Local Governing Bodies, currently this is not the case.

#### Method of recruitment and appointment or election of Local Governors

National support has been found through SGOSS, (School Governors' One-Stop Shop) a national charity for governor recruitment. Parent and Staff Governors are elected on the same basis as many maintained schools. At Trust Board level the Academy Trust have advertised via Academy Ambassadors for Trustees with a specific skill set. They are not able to do this currently as the Academy Trust does not meet the 3 schools criteria. The current Trustees therefore rely on local and existing networks.

The Academy Trust re-brokered all eight of its primary schools during the year, leaving Kingsthorpe College ("KTC") as its only school from 1 September 2018. The most recent Trustee appointments have come from Kingsthorpe College and from the recommendation from the Regional Schools Commissioner. The Trustees appointed a new Trustee with a financial background, who joined the board on 14 December 2018.



# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **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 Academy Trust provides all new Trustees with the opportunity to look around the school and provides an information pack that includes the Roles and Responsibilities of Trustees, the Terms of Reference, and information on the legal documentation that relate to the Academy Trust. The Board's procedures are set out in the Memorandum and Articles of Association. Following the re-brokering of the trust's 8 primary schools, effective from 1 September 2018, there have been no local governing bodies in place.

### **Organisational structure**

The Academy Trust commission a range of external providers for specific targeted interventions. A range of partner organisations has developed, most notably in the form of RSM UK Audit LLP to provide audit, Stone King to provide legal advice and EPM to provide HR and Payroll services. Kingsthorpe College has also established a retainer with a Northampton based group of HR Solicitors, Astons, who provide ongoing support. The Academy Trust and Kingsthorpe College are also supported with accounting services from SBM Services Ltd.

The Headteacher of Kingsthorpe College has assumed the position of Accounting Officer from the 14 September 2018 and the Director of Operations from Kingsthorpe College has assumed the role of Chief Finance Officer from 1 January 2019. This will be reviewed by the Board as the Academy Trust's strategic direction changes.

### **Arrangements for setting pay and remuneration of key management personnel**

The Academy Trust reviews pay and remuneration on an annual basis for the CEO, although currently there is not a CEO in role and the Principal of KTC has been appointed as the Trust's Accounting Officer. Executive staff are asked to withdraw from this part of the meeting. Pay is set in line with the market rate for this role. The Accounting Officer and Chair of Trustees sets the objectives for the CFO. Pay is set by benchmarking the role using the external provider, EPM, and the market rate for this role is set. All school employed staff have their performance reviewed in line with Teachers pay and conditions.

### **Related parties and co-operation with other organisations**

The trust works with a variety of local stakeholders and other institutions in the furtherance of its charitable objectives and has policies in place to ensure engagements with connected and related parties are identified and follow the "at cost" principles where appropriate. Full details of related party transactions are disclosed within note 25 to the financial statements.

## **OBJECTIVES AND ACTIVITIES**

Knowing our students and believing that everything is possible is at the heart of our vision. CAT expects the best of everyone and our core values are aspiration, respect, responsibility and care. We want all involved to dream big, work hard, and stay humble.

Our aim is to ensure that all our children are happy, confident, resilient and self-critical learners who achieve their fullest personal and academic potential. We achieve this through:

- Providing high quality learning and teaching opportunities daily through effective classroom resourcing, extra-curricular opportunities, and pastoral care.
- Raising the standards of educational achievement of all pupils, and in particular, closing the achievement gap between disadvantaged and non-disadvantaged pupils.
- Improving the effectiveness of the Academy Trust, by keeping the curriculum and organisational structure under continual review and complying with curriculum requirements.
- Providing value for money for the funds expended.
- Building and maintaining close links with local, national and international industry and commerce to impact on the learning experience of our pupils.
- Conducting the Academy Trust's business in accordance with the highest standards of professionalism, honesty and integrity.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Public benefit

During the year 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 Academy Trust are the areas around Northampton Town.

### Trade Union Facilities Time

Kingsthorpe College had two union officials working in the school during the year, from NUSWUT and NUT. Regular contact meetings took place throughout the year between the Headteacher, Senior Deputy Headteacher and the union representatives.

## STRATEGIC REPORT

### Achievements and performance

Kingsthorpe College is a popular and over-subscribed Academy in Northampton Town where students achieve well. We believe that we have fulfilled our charitable purpose for the public benefit in the year 2018-19. Our Year 11 students achieve in line or above national average in all key performance indicators. This represents good progress as our cohort is significantly weaker than the national average. The results at A level enabled almost all the cohort to go to the university of their choice. At both Key Stage 4 and Key Stage 5, the performance of the College has moved from below average to average and demonstrates an upwards trajectory of improvement. The Academy continued its wide range of extra-curricular provision, trips and tours both, locally, nationally and internationally - sporting, musical, cultural, language exchanges, and charitable in nature. We also continue to build close working partnerships with a range of businesses, both locally and nationally, to help ensure our pupils are fully prepared to compete in a global market.

In the academic year 2018-2019 Kingsthorpe College did not receive a visit from Ofsted, with the last visit being in June 2018.

School	Ofsted Visit	Judgement	Next step
Kingsthorpe College	Section 8 - short inspection- June 2018	'Good'	Likely to receive a full section 5 inspection within 2 years (June 2020)

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### Key Performance Indicators and Achievement

This is the third year of the new English and Maths specifications and is the second year of the reformed qualifications for the majority of all other subjects, therefore making this the first year that we are able to make a meaningful year on year comparison. National headlines tell us that national standards have maintained at grades A+/7+, C+/4+ and G+/1+, which is as expected according to the comparative outcomes methodology.

### Headline Summary

The College's headline results are mostly in line with Summer 2018. The headline Progress 8 figure (provisional) has increased from -0.37 to -0.21. Some areas have shown improvements, in particular progress and attainment within the open element. Progress has also increased within the maths element and in humanities which were key Ofsted lines of enquiry.

### Shadow Data

Internal shadow data gives a Progress 8 score of 0.03. This has been calculated by including 33 students without KS2 prior attainment and therefore do not feature in our published score.

GCSE											
5+ A*-C English and Maths (En/Ma) (English and Maths changed gradings in 2017)				Attainment 8				Progress 8			
2015	2016	2017	2018	2017	2018	2019	2019 Shadow	2017	2018	2019	2019 Shadow
51%	52%	50%	42%	42.4	39.7	39.9	40.7	0.05	-0.37	-0.21	0.03

A Level Results					
A* - E			A* - B		
2017	2018	2019	2017	2018	2019
94.1%	94.7%	94%	36.0%	25.3%	42.0%

### Financial review

Income is mostly obtained from the Department for Education (DfE)/Education and Skills Funding Agency (ESFA) in the form of General Annual Grants (GAG), the use of which is restricted to the Academy Trust's educational objectives. The grants from the DfE/ESFA and the associated expenditure can be seen in the restricted funds of the Statement of Financial Activities.

Kingsthorpe College has their own delegated authority to make capital purchases from their budget using their Devolved Formula Capital Grant or budgeted revenue reserves. During the period, school sought advice from the Academy Trust before initiating any major investments.

Kingsthorpe College did not have their land and buildings transferred into the Academy Trust because they are part of the Northamptonshire PFI project. The commitments to PFI costs can be seen in note 21 of the financial statements.

The restricted fixed asset fund has been reduced by the annual depreciation charge.

The Statement of Financial Activities shows a deficit of £14,631,000 (2018: Surplus £300,000). This includes a significant recognised deficit on the transfer out of the schools amounting to £13,417,000 (2018: £nil) and a significant deficit on the defined benefit pension scheme of £981,000 (2018 surplus £1,768,000). The significant change is due to the actuarial valuations at the year end. The overall deficit liability held on the Balance Sheet amounts to £2,829,000.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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

- The reserves held and the expected commitment to use them
- Total payroll as a % of revenue income
- % payroll split between teaching and non-teaching costs
- Cashflow balance

These are reviewed by the senior leadership team via monthly management accounts and in a summary dashboard for the Trustees at Board meetings.

General reserves on the Balance Sheet show general restricted and unrestricted reserves of £448,000 (2018: £933,000). The Trust believes this level of reserves is appropriate.

An analysis of staff costs can be seen in notes 8 and 9 to the financial statements.

At the year end total staff costs as a percentage of income was 80% (2018: 84%), 80% (2018: 58%) of these costs were spent in direct teacher costs. The Academy Trust expects a spend between 75-80% of income in staff costs, and although the percentage has fallen since last year, the Academy Trust has had to continually invest in temporary staff to cover long term sickness.

The total cash balance was £779,000 (2018: £1,818,000) including capital funding of £290,000 (2018: £413,000). The Balance Sheet position at the year end was (£2,829,000) (2018: £11,802,000).

### Reserves policy

It is the Academy Trust's view not to hold reserves unnecessarily and to support Kingsthorpe College to achieve their outcomes for today's children. In reviewing reserves the Academy Trust has taken into account the required Kingsthorpe College to have a working reserve of at least £300,000. These expectations have been met. The total funds of the Academy Trust amounted to (£2,829,000) (2018: £11,802,000) with £448,000 (2018: £933,000) being freely available, the balance being invested in fixed assets, or having restriction, including the deficit on the local pension scheme of £3,513,000 (2018: £6,106,000). Funds notes 19 and 20 set out the carry forward for each school and the analysis between restricted and unrestricted reserves.

Like most Academy Trusts, the Board takes the advice of the Local Government Pension Scheme (LGPS) Actuary to meet its obligations in relation to the LGPS deficit it holds.

### Investment policy

The Trustees maximise income by investing in short term cash deposits, if applicable.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Going concern

The Academy Trust successfully re-brokered its 8 primary schools with effect from 1 September 2018. Full details of the financial impact of the re-brokerage were disclosed as a post balance sheet disclosure within the 2018 financial statements and all amounts relating to the transfer were settled in the year. The reserve surpluses that were transferred and paid out of the Academy Trust in the year, as well as the financial impact of any further liabilities and warranties embedded within the various Commercial Transfer Agreements ("CTA"), were built into the operational budgets and forecasts for the Academy Trust going forward. The trustees' do not expect any further liabilities to arise in respect of the CTA.

Following the re-brokerage, only Kingsthorpe College has remained in the Academy Trust and the Academy Trust's Senior Leadership Team and Board of Trustees have been restructured around Kingsthorpe College (details of the current composition and method of appointment are summarised in the Governance Statement and Trustees' Report). Having considered the options available to the Academy Trust, the Trustees have resolved to continue to operate Kingsthorpe College through the legal structure of The Collaborative Academies Trust for the immediate future but is currently investigating the possibility of either joining another Trust formally or in an informal partnership, potentially in 20/21 academic year. There are no current plans or proposals to collapse or liquidate the Academy Trust.

The trust is also reporting net liabilities of £2,829k, which includes the trust's assessed defined benefit pension scheme liability of £3,513k. The trust has reviewed the expected contribution levels for the years to 31 August 2020 and 2021 and have reflected the forecast contribution levels into the trust's budgets and forecasts. The trustees are of the view that the trust has sufficient liquid resources to ensure liabilities can be met as they fall due, including contributions in respect of the LGPS, and for these reasons, the trustees' are of the view that it remains appropriate to prepare the accounts on the going concern basis.

### **Plans for future periods**

The Academy Trust will strive to continue to raise the levels of performance of its students at all levels beyond national averages and will continue to ensure its students find employment, training or a place in higher education once they leave. The school will also continue to attract high quality teachers, trainees and support staff, who can deliver the Academy Trust's vision and aspirations.

The Academy Trust has reviewed its procedures to provide financial support for students whose families are in need, with a view to facilitating the participation of all of our students in the full range of activities and opportunities on offer. The Academy will undertake consultation with parents regarding the increased financial support through Pupil Premium and targeted resources to support learning for the students concerned.

The Trust is realising its strategic plans to strengthen its resources to maintain its Good status and add capacity to support future growth. This will also be determined by the future status of Kingsthorpe College. Having considered the options available to the trust, the trustees have resolved to continue to operate Kingsthorpe College through the legal structure of the Collaborative Academies Trust for the immediate future but is currently investigating the possibility of either joining another trust formally or in an informal partnership, potentially in 20/21 academic year. There are no current plans or proposals to collapse or liquidate the trust.

Our school is not custodian Trustees on behalf of others.



# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Principal risks and uncertainties**

The Board continues to review risk through its risk register. In the prior year the main risks and uncertainties have been related to the rebrokering of the eight primary schools. These risks were mitigated through a fully transparent process with the involvement of key stakeholders, including: the Regional Schools Commissioner, the ESFA, the Executive and Trustees, and transferees. The main risks going forward are set out below:

Warranties and Indemnities - the warranties given to transferees were fully risk assessed and approved by the Board. They were all considered to have a minimal / low level of risk. One transfer included an indemnity to the transferee, this was also risk assessed as having a minimal / low level of risk.

The future status of Kingsthorpe College - having considered the options available to the trust, the trustees have resolved to continue to operate Kingsthorpe College through the legal structure of the Collaborative Academies Trust for the immediate future but is currently investigating the possibility of either joining another trust to collapse or liquidate the trust. Any uncertainty is mitigated through regular communication with the Regional Schools Commissioner, the CEO and trustees, and with local partners. The Trust also continually reviews the financial going concern of the school and Trust as a whole.

Financial - The risk that current funding pressures and uncertainty affect the ability of the Academy Trust to meet its goals. The Academy Trust reviews management accounts monthly and three-year budget forecasts annually.

Growth - The risk that the Academy Trust does not grow in a way that the Board requires to meet the revised strategic and operational goals. The Academy Trust executive and Board members will continue to have regular dialogue with the Regional Schools Commissioners as the revised strategy is implemented.

Academic Performance - The academic performance of the Academy Trust shows an improving picture at Key Stage 4 and 5. At present external data does not reflect a true picture of the school's performance in 2019 as it does not take account of the entirety of the cohort – particularly at KS4 where 20% of the cohort are not included in the Progress 8 figure as they have no Key Stage 2 data. At both Key Stage 4 and 5 the college has moved from below average performance to average performance and the Academy Trust is looking individually at the investment needed in the school to continue to support this upward trajectory.

Reputation – The school is due a Section 5 inspection this academic year. Should the school not maintain its current Ofsted grading of Good, it could negatively affect the reputation of the College with future parents and the community. It may also impact on staff recruitment and retention.

Safeguarding - The risk that pupils and staff are not safe. The school has a named Safeguarding Governor and staff. DBS checks are renewed every three years. There is an Academy Trust wide policy on safeguarding and confirmation is requested from the school on an annual audit checklist. The safeguarding policy is assured to the Board having been reviewed annually by an external safeguarding professional. Safeguarding is reported on at all Board meetings.

Succession Planning - The risk the Academy Trust would be affected by the loss of a key Board or staff members. The Board regularly reviews its skill base at Board level. It uses Academy Ambassadors to support this. At a staff level it has connections with recruitment agencies and assesses its internal ability to promote. It has appointed Jennifer Giovanelli to the position of Accounting Officer/CEO on the departure of the CEO. The Academy Trust has appointed Julie Ricketts to the position of Chief Financial Officer and she is supported by local networks and other professionals to ensure compliance and best practice.

Compliance - The risk the Academy Trust fails to comply with statutory regulation. The Academy Trust has policies and processes in place to ensure compliance, some of these are at a local level and others are at an Academy Trust level. The Board has appointed internal and external auditors to review finance and regularity. Audit findings continue to be monitored. Health and Safety is reported on at all Board meetings.

### **Fundraising**

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

# THE COLLABORATIVE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### AUDITOR

RSM UK Audit LLP 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.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 17 December 2019 and signed on its behalf by:



C Waterman  
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 has delegated the day-to-day responsibility to the 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. She is also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control. The previous CEO stood down on the 14 September 2018 and the Headteacher of Kingsthorpe College took up the position of Accounting Officer following the transfer of the eight primary schools to other trusts.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trust Board has formally met seven times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Trustees	Meetings attended	Out of possible
A Campbell (Appointed 14 September 2018)	7	7
C Waterman (Chairman) (Appointed 26 January 2019)	3	4
C Hilliard (Appointed 14 September 2018)	7	7
P Harris Bridge (Appointed 14 December 2018)	2	4
S Abouzahr (Resigned 14 September 2018)	0	1
N Pope (Resigned 14 September 2018)	0	1
M Abraham (Resigned 14 September 2018)	0	1
R Imms (Chairman) (Resigned 14 September 2018)	1	1
M Emerson (Chairman) (Resigned 14 December 2018)	2	2
P Lincoln (Resigned 14 September 2018)		
T Nash (Resigned 14 September 2018)		

### Governance reviews

The Board composition and governance is regularly reviewed at meetings. The Board has gone through a period of change since 31 August 2018. A formal review of governance took place at the September 2018 Board meeting and was followed up with a review of the Board and the local governing body at the October 2018 meeting. The Board recognised the need to seek a trustee with a financial background and made this a priority. See Reference and Administrative Details page 1 for appointments and resignations post year end.

In the year Kingsthorpe College had a local governing body committee previously responsible for finance. Minutes are submitted to the CEO and circulated to the CFO as necessary. The full Trust Board has since assumed responsibility in this area.

The Academy Trust's governance, risk management, internal control and value for money framework, including the receipt of reports from both internal and external auditors is assumed within the main Board Committee.

The finance and general purposes committee is a sub-committee of the main Board of Trustees. Its purpose is to:



# THE COLLABORATIVE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### **Review of value for money**

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

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

### **The 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 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

### **Capacity to handle risk**

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

### **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.

# THE COLLABORATIVE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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The Board of Trustees has considered the need for specific internal audit function and appoints SBM Services Ltd as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The checks carried out in the current period included:

### Administration, Finance & Management Systems

- Financial Management Policies
- Gifts & Hospitality
- Financial Management Accounting System
- Previous Audit Recommendations

### Payroll

- Payroll Administration
- Salary Variance Monitoring
- Employment Status Validation
- Additional Payments
- Personnel Files

### Budget

- Approval of the Budget
- Authorisation of Budget Changes
- Budget Monitoring/Management Accounts
- Forward Financial Plan
- School Development Plan
- Trading Accounts

### Other Areas

- VAT

The reports from SBM Services Ltd were reviewed by the Trust Board and the school local governing bodies. No significant issues arose.

### Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been performed by:

- The work of the Internal Auditor
- 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

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

Approved by order of the Board of Trustees on 17 December 2019. and signed on its behalf by:



C Waterman  
Chairman



J Giovanelli  
Accounting Officer

# THE COLLABORATIVE ACADEMIES TRUST

## STATEMENT OF 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust's 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 2018.

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



J Giovanelli  
**Accounting Officer**

17 December 2019

# THE COLLABORATIVE ACADEMIES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also the directors of The Collaborative Academies Trust for the purposes of company law) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 17 December 2019 and signed on its behalf by:



C Waterman  
**Chairman**

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

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## Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

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

## **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Use of our report**

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.

RSM UK AUDIT LLP

Nicholas Cattini (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex, CM1 1LN  
17 December 2019



# THE COLLABORATIVE ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	24	-	94	118	780
Charitable activities:						
- Funding for educational operations	4	-	7,130	-	7,130	17,581
Other trading activities	5	5	47	-	52	264
Investments	6	3	-	-	3	3
<b>Total</b>		<u>32</u>	<u>7,177</u>	<u>94</u>	<u>7,303</u>	<u>18,628</u>
<b>Expenditure on:</b>						
Raising funds	7	-	29	-	29	336
Charitable activities:						
- Educational operations	8	28	7,423	56	7,507	19,760
Charitable expenditure - transfer of existing academies out of the Trust	27	724	(3,810)	16,503	13,417	-
<b>Total</b>	7	<u>752</u>	<u>3,642</u>	<u>16,559</u>	<u>20,953</u>	<u>20,096</u>
<b>Net income/(expenditure)</b>		(720)	3,535	(16,465)	(13,650)	(1,468)
Transfers between funds	19	235	41	(276)	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(981)	-	(981)	1,768
<b>Net movement in funds</b>		<u>(485)</u>	<u>2,595</u>	<u>(16,741)</u>	<u>(14,631)</u>	<u>300</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>933</u>	<u>(6,106)</u>	<u>16,975</u>	<u>11,802</u>	<u>11,502</u>
Total funds carried forward		<u>448</u>	<u>(3,511)</u>	<u>234</u>	<u>(2,829)</u>	<u>11,802</u>

## THE COLLABORATIVE ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		115		16,712
<b>Current assets</b>					
Stocks	14	24		40	
Debtors	15	267		418	
Cash at bank and in hand		779		1,818	
			1,070		2,276
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(501)		(1,080)	
<b>Net current assets</b>			569		1,196
<b>Net assets excluding pension liability</b>			684		17,908
Defined benefit pension scheme liability	24		(3,513)		(6,106)
<b>Total net (liabilities)/assets</b>			(2,829)		11,802
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	19				
- Restricted fixed asset funds			234		16,975
- Restricted income funds			2		(910)
- Pension reserve			(3,513)		(5,196)
<b>Total restricted funds</b>			(3,277)		10,869
<b>Unrestricted income funds</b>	19		448		933
<b>Total funds</b>			(2,829)		11,802

The financial statements on pages 18 to 46 were approved by the Board of Trustees and authorised for issue on 17 December 2019 and are signed on their behalf by:



C Waterman  
Chairman



# THE COLLABORATIVE ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

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	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	22	(384)	(516)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		3	3
Capital grants from DfE Group		94	-
Cash transferred out of the trust on re-brokerage		(683)	-
Capital funding received from sponsors and others		-	413
Purchase of tangible fixed assets		(67)	(642)
<b>Net cash used in investing activities</b>		(653)	(226)
<b>Cash flows from financing activities</b>			
Finance costs		(2)	(8)
<b>Net cash used in financing activities</b>		(2)	(8)
<b>Net decrease in cash and cash equivalents in the reporting period</b>		(1,039)	(750)
Cash and cash equivalents at beginning of the year		1,818	2,568
<b>Cash and cash equivalents at end of the year</b>		779	1,818

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# THE COLLABORATIVE ACADEMIES TRUST

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

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### 1 Accounting policies

#### General information

The Collaborative Academies Trust is a charitable company limited by guarantee. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

#### Basis of preparation

The financial statements of the Academy Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Going concern

As explained within the Trustees' Report, the Academy Trust successfully re-brokered its 8 primary schools with effect from 1 September 2018. Full details of the financial impact of the re-brokerage can be found within note 27 to the financial statements. The reserve surpluses that were transferred and paid out of the Academy Trust post year-end, as well as the financial impact of any further liabilities and warranties embedded within the various Commercial Transfer Agreements ("CTA"), were built into the operational budgets and forecasts for the Academy Trust going forward.

Following the re-brokerage, only Kingsthorpe College has remained in the Academy Trust and the Academy Trust's Senior Leadership Team and Board of Trustees have been restructured around Kingsthorpe College (details of the current composition and method of appointment are summarised in the Governance Statement and Trustees' Report). Having considered the options available to the Academy Trust, the Trustees have resolved to continue to operate Kingsthorpe College through the legal structure of The Collaborative Academies Trust for the immediate future but is currently investigating the possibility of either joining another Academy Trust formally or in an informal partnership, potentially in 20/21 academic year. There are no current plans or proposals to collapse or liquidate the Academy Trust.

The Trustees are of the view that the Academy Trust has sufficient liquid resources to ensure liabilities can be met and for these reasons, the Trustees are of the view that it remains appropriate to prepare the accounts on the going concern basis.

#### School transfers

The transfer of 8 schools out of the Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The net assets that relate to the schools transferred out have been de-recognised under the appropriate Balance Sheet categories at the carrying value at the date of transfer with a corresponding amount recognised in Charitable activities - transfer from the Academy Trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### **Income**

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

#### Grants

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

The General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed assets fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

#### Donations

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

#### Other income

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

#### **Interest receivable**

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

#### **Gifts in kind**

Gifts in kind are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used.

#### **Expenditure**

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

#### Expenditure on raising funds

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

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### Charitable activities

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

#### **Tangible fixed assets and depreciation**

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. The £1,000 value can be an individual value or be used on project costs that accumulate to £1,000 or more. Assets on conversion are transferred at valuation.

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. Where there are specific conditions attached to the funding requiring the continued use of an asset, 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 the fixed assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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:

Land and buildings	Over the life of the lease
Fixtures, fittings and equipment	3 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.

#### **Liabilities**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### **Leased assets**

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

#### **Financial instruments**

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### Financial assets

Trade debtors, other debtors and accrued income are basic financial instruments and are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less amounts settled.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### Financial liabilities

Trade creditors, other creditors and accruals are basic financial instruments and are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost being the transaction price less amounts settled.

#### **Stock**

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.

#### **Taxation**

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

#### **Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, and the assets are held separately from those of the Academy Trust. The Trust also has a defined contribution scheme for central staff.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies (Continued)

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

Actuarial gains and losses are recognised immediately as other comprehensive income.

The Academy Trust also contributes to a money purchase pension scheme for qualifying employees which are held in a separately administered fund. Contributions are charged to the Statement of Financial Activities 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.

#### **Fund 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 and Skills Funding Agency/Department for Education.

#### **Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year, an amount will be included in other creditors as amounts due to ESFA.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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



# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement (Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	94	94	413
Other donations	24	-	24	367
	<u>24</u>	<u>94</u>	<u>118</u>	<u>780</u>

The income from donations and capital grants was £118,000 (2018: £780,000) of which £24,000 was unrestricted (2018: £150,000), £nil was restricted (2018: £217,000) and £94,000 was restricted fixed assets (2018: £413,000).

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	6,077	6,077	16,032
Other DfE group grants	-	531	531	388
	<u>-</u>	<u>6,608</u>	<u>6,608</u>	<u>16,420</u>
<b>Other government grants</b>				
Local authority grants	-	484	484	1,161
Other incoming resources	-	38	38	-
	<u>-</u>	<u>522</u>	<u>522</u>	<u>1,161</u>
	<u>-</u>	<u>7,130</u>	<u>7,130</u>	<u>17,581</u>

The income from funding for the Academy Trust's educational operations was £7,130,000 (2018: £17,581,000) of which £7,130,000 was restricted (2018: £17,581,000).

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	-	-	-	11
Commission	1	-	1	3
Breakfast and after school club	-	-	-	88
Uniform	-	-	-	1
Staff services	-	47	47	143
Fundraising	4	-	4	18
	<u>5</u>	<u>47</u>	<u>52</u>	<u>264</u>

The income from other trading activities was £52,000 (2018: £264,000) of which £5,000 was unrestricted (2018: £264,000) and £47,000 was restricted (2018: £nil).

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Interest from short term deposits	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>

The investment income was £3,000 (2018: £3,000) of which £3,000 was unrestricted (2018: £3,000).

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds					
- Direct costs	-	-	29	29	336
Academy's educational operations					
- Direct costs	4,744	-	551	5,295	13,319
- Allocated support costs	1,024	818	370	2,212	6,441
Total costs	<u>5,768</u>	<u>818</u>	<u>950</u>	<u>7,536</u>	<u>20,096</u>

The expenditure on raising funds was £29,000 (2018: £336,000) of which £nil was unrestricted (2018: £264,000) and £29,000 was restricted (2018: £72,000).



# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2019 £'000	2018 £'000
Operating lease rentals	494	728
Depreciation of tangible fixed assets	56	736
Bank and loan interest	2	8
Net interest on defined benefit pension liability	67	178
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	17	37
- Other services	7	15
	<u>          </u>	<u>          </u>

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	28	5,267	5,295	13,319
<b>Support costs</b>				
Educational operations	-	2,212	2,212	6,441
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	28	7,479	7,507	19,760
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The expenditure on charitable activities was £7,507,000 (2018: £19,760,000) of which £28,000 was unrestricted (2018: £nil), £7,423,000 was restricted (2018: £18,986,000) and £56,000 was restricted fixed assets (2018: £774,000).

	2019 £'000	2018 £'000
<b>Analysis of support costs</b>		
Support staff costs	1,024	2,797
Depreciation	56	736
Technology costs	20	241
Premises costs	762	1,445
Other support costs	207	1,098
Governance costs	143	124
	<u>          </u>	<u>          </u>
	2,212	6,441
	<u>          </u>	<u>          </u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff

#### Staff costs

Staff costs during the year were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,330	11,137
Social security costs	418	1,026
Pension costs	887	2,807
	<hr/>	<hr/>
Staff costs - employed	5,635	14,970
Agency staff costs	109	281
Staff restructuring costs	24	67
	<hr/>	<hr/>
Staff development and other staff-related costs	5,768	15,318
	22	8
	<hr/>	<hr/>
Total staff expenditure	5,790	15,326
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

Redundancy payments	11	2
Severance payments	13	65
	<hr/>	<hr/>
	24	67
	<hr/> <hr/>	<hr/> <hr/>

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £13,000 (2018: £64,850).

#### Staff numbers

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Teachers	80	203
Administration and support	63	315
Management	11	14
	<hr/>	<hr/>
	154	532
	<hr/> <hr/>	<hr/> <hr/>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 9 Staff (Continued)

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019 Number	2018 Number
Teachers	72	186
Administration and support	48	193
Management	11	12
	<hr/>	<hr/>
	131	391
	<hr/> <hr/>	<hr/> <hr/>

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	6
£70,001 - £80,000	1	3
£80,001 - £90,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
	<hr/>	<hr/>

Three (2018: Nine) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff amounted to £35,929 (2018: £104,524).

The other (2018: Three) member of staff participated in the defined contribution scheme. Pension contributions for this member of staff were £1,977 (2018: £18,521) for the period.

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £623,470 (2018: £1,104,722). This included £nil (2018: £35,970) in settlement agreements.

#### Gifts and Hospitality

During the year the Academy Trust authorised £416 (2018: £51.62) from restricted funds that could be classified as 'Gifts'.

### 10 Central services

During the year the Academy Trust provided the following central services to its academies:

- educational support services;
- governance support;
- legal support; and
- financial accounting support

The amounts charged were as follows:

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Central services (Continued)

	2019 £'000	2018 £'000
Kingsthorpe College	210	285
Lumbertubs Primary School	-	64
Spring Lane Primary School	-	130
Manor Court Community Primary School	-	141
Priorswood Primary School	-	35
Wellesley Park Primary School	-	(5)
Woolavington Village Primary School	-	20
Willowdown Primary Academy	-	8
Willow Brook Primary School and Nursery	-	(6)
	<u>210</u>	<u>672</u>

### 11 Trustees' remuneration and expenses

During the year one Trustee was paid remuneration or received other benefits from employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

S Peck (Chief Executive Officer)

Remuneration: £30,001 - £40,000 (2018: £100,001 - £110,000)

Employer's pension contributions: £1 - £5,000 (2018: £5,001 - £10,000)

During the year 31 August 2019, travel and subsistence expenses totalling £874 (2018: £3,431) were reimbursed to 2 Trustees (2018: 3 Trustees and 1 Member). The reimbursement for the member represents an 'at cost' reimbursement of travel expenses to attend a Board meeting.

### 12 Trustees' and officer's insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim.

The cost for the year ended 31 August 2019 was £209 (2018: £1,134). The cost of this insurance is included in the total insurance cost.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 September 2018	18,908	1,150	20,058
Transfer on school leaving	(18,908)	(815)	(19,723)
Additions	-	67	67
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2019	-	402	402
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
At 1 September 2018	2,446	900	3,346
Transfer on school leaving	(2,446)	(669)	(3,115)
Charge for the year	-	56	56
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2019	-	287	287
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 August 2019	-	115	115
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 August 2018	16,462	250	16,712
	<u>          </u>	<u>          </u>	<u>          </u>

### 14 Stocks

	2019 £'000	2018 £'000
Resources and Stationery	24	40
	<u>          </u>	<u>          </u>

### 15 Debtors

	2019 £'000	2018 £'000
Trade debtors	2	9
VAT recoverable	102	212
Other debtors	-	3
Prepayments and accrued income	163	194
	<u>          </u>	<u>          </u>
	267	418
	<u>          </u>	<u>          </u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

<b>16 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	281	483
Other taxation and social security	110	123
Other creditors	28	37
Accruals and deferred income (see note 17)	82	437
	<u>501</u>	<u>1,080</u>
	<u><u>501</u></u>	<u><u>1,080</u></u>
<b>17 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income is included within:		
Creditors due within one year	4	142
	<u>4</u>	<u>142</u>
	<u><u>4</u></u>	<u><u>142</u></u>
Deferred income at 1 September 2018	142	143
Released from previous years	(142)	(143)
Resources deferred in the year	4	142
	<u>4</u>	<u>142</u>
<b>Deferred income at 31 August 2019</b>	<u><u>4</u></u>	<u><u>142</u></u>
	<u><u>4</u></u>	<u><u>142</u></u>
The deferred income relates to Career guidance advances of £3,850 which relates to the year ended 31 August 2020 (2018: £141,991 related to Universal Infant Free School Meals income from the ESFA) .		
<b>18 Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	97	11
	<u>97</u>	<u>11</u>
	<u><u>97</u></u>	<u><u>11</u></u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	493	796
	<u>493</u>	<u>796</u>
	<u><u>493</u></u>	<u><u>796</u></u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,077	(6,118)	41	-
Other DfE / ESFA grants	-	531	(531)	-	-
Other government grants	-	484	(484)	-	-
Other restricted funds	-	85	(83)	-	2
Pension reserve	(6,106)	-	3,574	(981)	(3,513)
	<u>(6,106)</u>	<u>7,177</u>	<u>(3,642)</u>	<u>(940)</u>	<u>(3,511)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	15,358	-	(15,253)	(105)	-
DfE group capital grants	1,183	94	(1,195)	(27)	55
Capital expenditure from GAG	434	-	(111)	(144)	179
	<u>16,975</u>	<u>94</u>	<u>(16,559)</u>	<u>(276)</u>	<u>234</u>
<b>Total restricted funds</b>	<u>10,869</u>	<u>7,271</u>	<u>(20,201)</u>	<u>(1,216)</u>	<u>(3,277)</u>
<b>Unrestricted funds</b>					
General funds	933	32	(752)	235	448
<b>Total funds</b>	<u>11,802</u>	<u>7,303</u>	<u>(20,953)</u>	<u>(981)</u>	<u>(2,829)</u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 19 Funds (Continued)

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 academies within the Academy Trust. This has been provided via the ESFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academies. Under the individual funding agreements with the Secretary of State for Education, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2019. A transfer of £41k was made from unrestricted funds to the GAG fund to remove the deficit on the GAG fund which represents the balance of unfunded expenditure from the GAG fund in the current year.

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

The Other government grants fund has been set up to recognise the funding received from Northamptonshire County Council. The associated expenditure has been allocated to this fund.

The Other restricted fund has been created to recognise the donations received by the Academy Trust that have an external restriction that means it must be spent for educational purposes.

The Transfer on conversion fund has been set up to recognise the tangible assets gifted to the Academy Trust upon conversion by the Local Authority which represent the school site inherited 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 group capital grants fund represents the total amount of capital grants received. The monies spent on fixed assets and refurbishment works are therefore allocated to this fund. A transfer is made between the restricted general funds to the restricted fixed asset fund to meet the difference between the amount spent on capital and the capital funding available. 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.

The movement in unrestricted reserves represents the additional investment in schools over and above the GAG.



# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	16,032	(16,379)	347	-
Other DfE / ESFA grants	-	388	(388)	-	-
Other government grants	-	1,161	(1,161)	-	-
Other restricted funds	2	217	(219)	-	-
Pension reserve	(6,963)	-	(911)	1,768	(6,106)
	<u>(6,961)</u>	<u>17,798</u>	<u>(19,058)</u>	<u>2,115</u>	<u>(6,106)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	15,921	-	(563)	-	15,358
DfE group capital grants	872	412	(153)	-	1,131
Capital expenditure from GAG	384	-	(50)	100	434
Local authority grant	59	1	(8)	-	52
	<u>17,236</u>	<u>413</u>	<u>(774)</u>	<u>100</u>	<u>16,975</u>
<b>Total restricted funds</b>	<u>10,275</u>	<u>18,211</u>	<u>(19,832)</u>	<u>2,215</u>	<u>10,869</u>
<b>Unrestricted funds</b>					
General funds	1,227	414	(264)	(447)	930
	-	3	-	-	3
	<u>1,227</u>	<u>417</u>	<u>(264)</u>	<u>(447)</u>	<u>933</u>
<b>Total funds</b>	<u>11,502</u>	<u>18,628</u>	<u>(20,096)</u>	<u>1,768</u>	<u>11,802</u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 19 Funds (Continued)

#### Total funds analysis by academy

	2019	2018
	£'000	£'000
Fund balances at 31 August 2019 were allocated as follows:		
Kingsthorpe College	356	369
Lumbertubs Primary School	-	117
Spring Lane Primary School	-	282
Manor Court Community Primary School	-	-
Priorswood Primary School	-	-
Wellesley Park Primary School	-	57
Woolavington Village Primary School	-	-
Willowdown Primary Academy	-	-
Willow Brook Primary School and Nursery	-	-
Central services	94	108
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	450	933
Restricted fixed asset fund	234	16,975
Pension reserve	(3,513)	(6,106)
	<hr/>	<hr/>
Total funds	(2,829)	11,802
	<hr/> <hr/>	<hr/> <hr/>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Kingsthorpe College	4,719	1,107	120	1,346	7,292	7,020
Lumbertubs Primary School						1,197
Spring Lane Primary School						2,122
Manor Court Community Primary School						1,758
Priorswood Primary School						966
Wellesley Park Primary School						1,769
Woolavington Village Primary School						838
Willowdown Primary Academy						1,011
Willow Brook Primary School and Nursery						1,128
Central services	25	127	-	103	255	641
	<u>4,744</u>	<u>1,234</u>	<u>120</u>	<u>1,449</u>	<u>7,547</u>	<u>18,450</u>

Additionally to those costs disclosed above included in last year's costs was an amount of £911,000 which related to LGPS pension finance costs for the Multi Academy Trust.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	115	115
Current assets	448	437	185	1,070
Creditors falling due within one year	-	(435)	(66)	(501)
Defined benefit pension liability	-	(3,513)	-	(3,513)
<b>Total net assets</b>	<u>448</u>	<u>(3,511)</u>	<u>234</u>	<u>(2,829)</u>
Balance to allocate	(105)	-	105	-
Per balance sheet	343	(3,511)	339	(2,829)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	16,712	16,712
Current assets	933	1,080	263	2,276
Creditors falling due within one year	-	(1,080)	-	(1,080)
Defined benefit pension liability	-	(6,106)	-	(6,106)
<b>Total net assets</b>	<u>933</u>	<u>(6,106)</u>	<u>16,975</u>	<u>11,802</u>

### 21 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	489	735
Amounts due between one and five years	1,958	2,902
Amounts due after five years	6,444	10,249
	<u>8,891</u>	<u>13,886</u>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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<b>22 Reconciliation of net expenditure to net cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(13,650)	(1,468)
Adjusted for:		
Net deficit on transfer of academy out of the Trust	13,417	-
Capital grants from DfE and other capital income	(94)	(413)
Interest receivable	(3)	(3)
Interest payable	2	8
Defined benefit pension scheme costs less contributions payable	169	732
Defined benefit pension scheme finance cost	67	178
Depreciation of tangible fixed assets	56	736
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	16	(16)
(Increase)/decrease in debtors	(573)	87
(Decrease) in creditors	(474)	(357)
Cash transferred out of the trust on re-brokerage	683	-
<b>Net cash used in operating activities</b>	<b>(384)</b>	<b>(516)</b>

### 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### **24 Pension and similar obligations**

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

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the transfer out from the Academy Trust who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred from the Academy Trust in the year. The obligation in respect of employees who transferred represents their cumulative service to the date of transfer.

During the year 8 schools left the Academy Trust. The LGPS obligation in respect of employees who were members of the scheme and transferred as part of the transfer out of the Academy Trust was derecognised when schools left the Academy Trust and formed part of the loss recognised in the Statement of Financial Activities when schools left the Academy Trust as set out in note 27.

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

Contributions amounting to £88,203 were payable to the schemes at 31 August 2019 (2018: £2,075) and are included within creditors.

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

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 24 Pension and similar obligations (Continued)

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £601,561 (2018: £1,124,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £284,000 (2018: £942,000), of which employer's contributions totalled £225,000 (2018: £752,000) and employees' contributions totalled £59,000 (2018: £190,000). The agreed contribution rates for future years are 22.6% - 21.6% for employers in Northamptonshire, 21.8% - 22.8% in Essex and 20.9% for employers in Somerset and between 5.5% and 12.5% for employees.

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

<b>Total contributions made</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	225	752
Employees' contributions	59	190
	<hr/>	<hr/>
Total contributions	284	942
	<hr/> <hr/>	<hr/> <hr/>



# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 24 Pension and similar obligations (Continued)

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary.

	2019 %	2018 %
Rate of increase in salaries	2.3	3.4
Rate of increase for pensions in payment/inflation	2.6	2.3
Discount rate for scheme liabilities	1.9	2.7
	=====	=====

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	21.2	22.8
- Females	23.3	24.7
Retiring in 20 years		
- Males	22.3	24.9
- Females	24.7	26.9
	=====	=====

#### The Academy Trust's share of the assets in the scheme

	2019 Fair value £'000	2018 Fair value £'000
Equities	1,674	5,485
Bonds	395	914
Property	209	633
Other assets	46	517
	=====	=====
Total fair value of assets	2,324	7,549
	=====	=====

The actual return on scheme assets was £103,000 (2018: £334,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	375	1,485
Net interest cost	67	178
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	19	-
	=====	=====
Total operating charge	461	1,663
	=====	=====

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 24 Pension and similar obligations (Continued)

<b>Changes in the present value of defined benefit obligations</b>	<b>2019 £'000</b>
At 1 September 2018	4,254
Current service cost	375
Interest cost	125
Employee contributions	59
Actuarial loss/(gain)	1,026
Benefits paid	(21)
Past service cost	19
	<hr/>
At 31 August 2019	5,837
	<hr/> <hr/>

### **Changes in the fair value of the Academy Trust's share of scheme assets**

	<b>2019 £'000</b>
At 1 September 2018	1,958
Interest income	58
Return on plan assets (excluding net interest on the net defined pension liability)	45
Employer contributions	225
Employee contributions	59
Benefits paid	(21)
	<hr/>
At 31 August 2019	2,324
	<hr/> <hr/>

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 25 Related party transactions

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 Academy Trust's financial regulation and normal procurement procedures. The following related party transactions took place in the prior year.

#### Edison Learning Limited

The Academy Trust goes to great lengths to make sure that work completed by Edison Learning Limited is in line with its Tripartite agreement and that all transactions are completed in line with the Academy Trust's financial regulations and normal procurement procedures.

Edison Learning Limited provided some school improvement support to Willow Brook Primary School and Nursery during the prior year and provided a base for the Trust until December 2017. The expenditure was recharged to the Academy Trust at cost as follows:

	2019 £'000	2018 £'000
School Improvement	-	4
Administrative costs	-	1

Edison Learning Limited provided office facilities for part of the prior year at no cost. The estimated costs apportioned on a room basis would be approximately £nil (2018: £1,250) and have not been included on the grounds of materiality.

On an annual basis the Academy Trust reviews school outcomes and the support that is necessary to meet its development plan. When using Edison Learning Limited to support school improvement, the Academy Trust looked at both value for money and the expertise to provide that support. The Academy 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.

C Waterman, Chair of the Trustee's, was a director of Waterman Learning until 3 July 2019. Transactions with Waterman Learning in the year amounted to £3,250. There are no other related party transactions other than those disclosed and in note 11.

### 26 Agency arrangements

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. The balance brought forward on 1st September 2018 was a creditor of £18,709. In the period it received £23,838 (2018: £25,022) and disbursed £17,705 (2018: £25,506) including an admin fee of £1,191 (2018: £1,251) with an amount of £24,832 (2018: £18,709) included in other creditors.

# THE COLLABORATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 27 Transfer of existing academies out of the Academy Trust

On 1 September 2018 the following schools and all operations and assets and liabilities were transferred out from The Collaborative Academies Trust to several separate and non-associated trusts for £nil consideration.

Spring Lane Primary School  
Lumbertubs Primary School  
Manor Court Community Primary School  
Priorswood Primary School  
Wellesley Park Primary School  
Woolavington Village Primary School  
Willow Brook Primary School and Nursery  
Willowdown Primary Academy

The assets and liabilities transferred were transferred at their carrying value and de-recognised from the Balance Sheet with a corresponding net amount recognised as net resources expended in the Statement of Financial Activities.

The following table sets out the book values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	<b>2019</b>
	<b>£'000</b>
<b>Net assets transferred</b>	
Leasehold land and buildings	16,357
Other tangible fixed assets	146
Other assets	724
Pension deficit	(3,869)
Pension asset	59
	<hr/>
Total Net assets	13,417
	<hr/> <hr/>

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE COLLABORATIVE ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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## **Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 24 June 2019 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by The Collaborative Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

## **Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Part 9: Regularity Reporting. We are independent of The Collaborative Academies Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of The Collaborative Academies Trust's accounting officer and Trustees**

The accounting officer is responsible, under the requirements of The Collaborative Academies Trust's funding agreement with the Secretary of State for Education dated June 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Collaborative Academies Trust and appointment of the accounting officer.

## **Reporting Accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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# INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE COLLABORATIVE ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

## Use of our report

This report is made solely to The Collaborative Academies Trust and the ESFA in accordance with the terms of our engagement letter dated 24 June 2019. Our work has been undertaken so that we might state to the The Collaborative Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Collaborative Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK AUDIT LLP

## RSM UK Audit LLP

Chartered accountants  
Marlborough House  
Victoria Road South  
Chelmsford  
Essex  
CM1 1LN

Dated: 17 December 2019

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