

THE COLLABORATIVE ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
31st August 2018

Company registration number: 08168307

THE COLLABORATIVE ACADEMIES TRUST

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THE COLLABORATIVE ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	T.Nash	Appointed 05/10/2017, Resigned 14/09/2018
	P. Lincoln	Appointed 05/10/2017, Resigned 14/09/2018
	Ex-Officio	
	R.Imms	Resigned 14/09/2018
	N.Pope	Appointed 14/09/2018
	M.Abraham	Appointed 14/09/2018
	M.Emerson	Chairman from 14/09/2018

Trustees	R.Imms*	Chairman from 07/11/2017 Resigned 14/09/2018
	M.Emerson	Chairman from 14/09/2018
	N.Pope*	Resigned 14/09/2018
	M.Abraham*	Resigned 14/09/2018
	L.Phillips	Resigned 07/11/2017
	S.Abouzahr*	Resigned 14/09/2018
	C.Hilliard	Appointed 14/09/2018
	A.Campbell	Appointed 14/09/2018

* member of the Finance and Audit Committee. (R.Imms removed on becoming Chairman)

Accounting Officer	S.Peck	Resigned 14/09/2018
	J.Giovanelli	Appointed 14/09/2018

Key Management Personnel:

Chief Executive Officer	S.Peck	Redundant 31/10/2018
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Director of School Improvement	S.McShane	Redundant 31/08/2018
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Chief Finance Officer	J.Olley ACA	
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Headteacher Kingsthorpe College	J.Giovanelli	
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Headteacher Lumbertubs Primary School	C.Cook	
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Headteacher Spring Lane Primary School	A.Owens	
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Trust Consultant Headteacher at Priorswood Primary School	A.Gould	Contracted 18/04/2017 to 22/3/2018
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Headteacher Manor Court Primary School	L.Talmage	
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Executive Headteacher:

Priorswood Primary School	L.Gabriel	Resigned 01/04/2018
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Wellesley Park Primary School	L.Gabriel	Terminated 31/08/2018
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Head of School:

Priorswood Primary School	C.Lancey	Appointed 01/04/2018
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Willowdown Primary Academy	M.Jackson	Resigned 08/04/2018
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	G.MacLennan	Appointed 08/04/2018
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Woolavington Village Primary School	O.Priestley	Resigned 31/08/2018
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Headteacher Willow Brook Primary School and Nursery	J.Newitt	
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THE COLLABORATIVE ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Principal and Registered Office	C/O Kingsthorpe College Boughton Green Road Northampton NN2 7HR
Company Registration Number	08168307 (England and Wales)
External Auditor	RSM UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN
Internal Auditor	Crowe Clark Whitehill St Brides House 10 Salisbury Square London EC4Y 8EH
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

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT

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 31st August 2018. The Annual Report serves the purposes of both the Trustees' Report and the Directors' Report under company law.

The Trust operated primary schools in Northamptonshire, Essex and Somerset and a secondary school in Northamptonshire.

Its schools have a combined pupil capacity of 3,616 and a roll of 3,308 in the school census dated 17th May 2018.

On 1st September 2018 all eight primary schools transferred to new trusts. The Trust continues with Kingsthorpe College in Northamptonshire as its only school.

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 pages 2 -3. Note 10 of the Financial Statements sets out the Trustees and Officers insurance provided by the Trust.

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 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 OF TRUSTEES

Trustees are appointed and inducted in accordance with the provisions set out in the Memorandum and Articles of Association. Changes to the Memorandum and Articles of Association came into effect on 1st October 2017 and EdisonLearning Ltd officially resigned membership on the 5th October 2017. The new 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

Local Governors are recruited at a local level from existing governing bodies and from other local people. National support has been found through SGOSS, (School Governors' One-Stop Shop) a national charity for governor recruitment. Parent and Staff governors are elected on the same basis as many maintained schools. At Trust Board level the Trust have advertised via Academy Ambassadors for Trustees with a specific skill set. They will not be able to do this in the future as the Trust will not meet the 3 schools criteria. The current Trustees will therefore be relying on local and existing networks.

The Trust rebrokered all eight of its primary schools during the year leaving Kingsthorpe College as its only school from 1st September 2018. The most recent Trustee appointments have come from Kingsthorpe College and from the recommendation from the Regional Schools Commissioner. The trustees are actively seeking a new Trustee with a financial background.

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

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 Trust provides all new Trustees with the opportunity to look around the schools, 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 Trust. The Board's procedures are set out in the Memorandum and Articles of Association.

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

The Trust has in place a scheme of delegation and terms of reference for LGBs. The LGBs in effect act as committees of the Board of Directors and discharge their duties within the guidelines and frameworks, set out by the Directors, at a local level. Policies are reviewed in an annual cycle and may be across the whole Trust or at a local level. Training for Governors and Chairs is provided at a local level.

ORGANISATIONAL STRUCTURE

The Board has been supported by the Chief Executive Officer, Chief Finance Officer and the Director of School Improvement. In addition to this the 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. The Chief Executive Officer (CEO) has been appointed to the position of Accounting Officer while there has been more than one school, however, the Trust has not sought to fill this role externally, and the Headteacher of Kingsthorpe College has assumed this position from the 14th September 2018. This will be reviewed by the Board as the Trusts strategic direction changes.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trust reviews pay and remuneration on an annual basis for the CEO. There is a pay review sub committee that makes recommendations and sets objectives for the Board to agree. 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 CEO reviews and sets the objectives of the CFO and Director of School Improvement. He does this by reviewing the previous year and aligning the new objectives with that of his own. Pay is set on the market rate for this role. The CEO takes recommendations from LGB's on the performance of Executive Head Teachers, Heads of School and Principals. All school employed staff have their performance reviewed in line with Teachers pay and conditions.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

EdisonLearning Limited was a corporate member and sponsor of the Collaborative Academies Trust until 5th October 2017. It could appoint three people to represent it, and it is these three members that could appoint other Trustees. EdisonLearning does not consolidate CAT into its financial statements. The restrictions set out by the Funding Agreement and the Memorandum and Articles of Association of the Trust did not allow for assets of the Trust to be freely used across the business entity and consolidation would have materially misrepresented the trading results and assets held by EdisonLearning. The Trust holds a tripartite agreement with the DfE and EdisonLearning ensuring costs associated with using EdisonLearning's school improvement services were provided to CAT 'at cost' with no profit element included. Further details can be found in note 24.

Kingsthorpe College provide information technology, clerking services and PE support to Spring Lane Primary School and Lumbertubs Primary School. Income and expenditure that is relevant has been effectively eliminated in the CAT accounts as they are intra-entity.

OBJECTIVES AND ACTIVITIES

OBJECTIVES AND AIMS

Following a full strategic review the board determined that to meet the needs of every child over the long term a new strategy would be adopted. To ensure the best for every child the objective of the Trust for 2017/18 became the re-brokering of the eight primary schools into regionally local trusts, that could meet and sustain their immediate improvement needs at pace, and secure the next phase of their development.

Following agreement by the board to rebroker the 8 Primary schools, it was the Trust's aim to mitigate any disruption risk while continuing our overall objective for every child in a CAT school to become a successful learner, confident individual and responsible citizen, able to discover a skill, an ability, a talent or an interest through which they can become whatever they want to be.

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

During the year the Trust also set the objective to investigate how the rebrokering of the primary schools affected Kingsthorpe College within the CAT MAT. Scenarios considered included going forward as a single academy, joining an existing MAT, working with other schools as a nucleus for growth, as well as other forms of partnership. All of these are still being investigated and a firm strategic direction is expected to be clearer by the end of the academic year 18/19.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Our revised strategy led to working closely with the Regional Schools Commissioner (RSC) in three geographical areas, looking for suitable partners, preparing documentation for due diligence requests and then working alongside the Department for Education (DfE) and the Education Skills and Funding Agency (ESFA) to re-broker the eight primary schools. Our work also focussed on minimising the potential risks associated with rebrokering whilst ensuring the Trust continued to achieve the best outcomes possible for the pupils.

Six Trusts emerged following Regional Headteacher Board approval to receive our schools and the Trust has worked in a very open and transparent way to support the transfer of the schools. All eight being transferred as of 1st September 2018.

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 Trust are the areas around Northampton Town, Northamptonshire, Colchester, Essex and Bridgwater, Chard, Wellington and North Taunton in Somerset. After the year end Northampton Town continued to benefit from the Trust.

TRADE UNION FACILITIES TIME

The trust had no relevant union officials working in their schools during the year.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

School Improvement work was co-ordinated by the Director of School Improvement. The focus this year has been on ensuring schools have the necessary foundations in place to improve, are well prepared for inspections and are raising attainment. The table below shows the Ofsted profile of our schools:

In the academic year 2017-2018 two of the nine schools received visits from Ofsted

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)
Lumbertubs Primary School	Section 14 -full inspection- April 2018	Requires Improvement	Transferred to Bourton Meadow Education Trust - September 2018

The remaining schools have the following Ofsted profile:

	Grading
Spring Lane Primary School	Good
Willow Brook Primary School and Nursery	Good
Wellesley Park Primary School	Good
Manor Court Community Primary School	Requires Improvement
Woolavington Village Primary School	Requires Improvement
Willowdown Primary Academy	Requires Improvement
Priorswood Primary School	Inadequate

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

The Trust were pleased with the Ofsted judgement on Kingthorpe College, which highlighted areas in relation to Attendance, Humanities and Maths, which the school were already addressing. The 2018/19 budget will support these areas. The judgement on Lumbertubs was in line with recent internal reviews. The schools transfer to Bourton Meadow is expected to offer additional support and challenge and is seen as the correct action for both its pupils and staff.

KEY PERFORMANCE INDICATORS AND ACHIEVEMENT

In a time of national change in relation to qualifications and standards, Kingthorpe College has sustained its performance at Key Stage 4 and 5 so that it remains broadly in line with national average. This demonstrates sustainable practice and the impact of the school's improvement strategy is expected to translate into outcomes during the academic year.

Secondary School

Kingthorpe College

5+ A*-C inc English and Maths (EN/Ma) (English and Maths changed gradings in 2017)				Attainment 8		Progress 8	
2015	2016	2017	2018	2017	2018	2017	2018
51%	52%	50%	42%	42.4	41.2	0.08	-0.3
A'Level Results							
A*- E			A*-C				
2016	2017	2018	2016	2017	2018		
97.90%	97.80%	95.80%	53.05%	63.20%	56.70%		

In Early Years, phonics and Key Stage 1 the achievement of children in CAT schools are on a stable or improving trajectory. At Key Stage 2 the gap between national and CAT has narrowed with more schools at or above national average. Individual schools have done well and significantly improved or built on previous results. Some schools remain prone to variation due to small cohorts and this means that although attainment might be lower than national average, progress is positive. In a few schools attainment and progress are not strong enough.

Primary Schools

National Average

Lumbertubs Primary School

Spring Lane 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

Key Stage 2				
Reading	Writing	Maths	*SPAG	Combined
75%	78%	76%	78%	64%
56%	59%	44%	48%	37%
81%	76%	76%	84%	64%
69%	76%	76%	74%	67%
57%	43%	50%	54%	39%
73%	86%	80%	82%	70%
68%	74%	84%	74%	63%
47%	57%	47%	60%	37%
76%	76%	71%	82%	71%

CAT average

National Gap 2018

National Gap 2017

National Gap 2016

Reading	Writing	Maths	*SPAG	Combined
59%	61%	61%	64%	51%
-9%	-10%	-10%	-8%	-8%
-14%	-11%	-14%	-12%	-13%
-17%	-5%	-5%	-6%	-10%

*SPAG: Spelling, Punctuation and Grammar

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

GOING CONCERN

As fully explained within the Trustees' Report, the trust successfully re-brokered its 8 primary schools with effect from 1st 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 to be transferred and paid out of the trust post year-end, as well as the financial impact of any further liabilities and warranties embedded within the various Commercial Transfer Agreements ("CTA"), have been built into the operational budgets and forecasts for the trust going forward. The budgets and forecasts have been prepared for the period through to December 2019 and based on this review, the trustees are of the view that the trust has sufficient liquid resources to ensure liabilities can be met as they fall due for a minimum of 12 months from the date of approval of these financial statements.

Following the re-brokerage, only Kingsthorpe College has remained in the trust and the 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 trust, the trustees have resolved to continue to operate Kingsthorpe College through the legal structure of the Collaborative Academies Trust for the foreseeable future and there are no current plans or proposals to collapse or liquidate the trust.

For these reasons, the trustees' are of the view that it remains appropriate to prepare the accounts on the going concern basis.

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 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. All schools continue to receive some funding from their respective local authority for special educational needs, budget adjustments or nursery fees. The total funding received in this way, excluding capital funding, amounted to £17,581,000 (2017:£16,951,000).

The Trust received capital grant income that has been shown in the restricted fixed asset income along with a transfer from the revenue reserve to cover fixed assets additions in the period. The Trust received Schools Condition Funding of £300,000 for the year ending 31st March 2019 (2017: £300,000) and £29,000 (2017:nil) Healthy Pupils Capital. The Trust have accounted for this grant as income as it has met the income recognition criteria of the SORP. The Trust have used a major part of these funds to replace the roof at Manor Court Community Primary School. We have also transferred some capital funds to new Trusts to re-instate kitchens, renovate a modular building and upgrade electrics and doors.

Schools have their own delegated authority to make capital purchases from their budget using their Devolved Formula Capital Grant or budgeted revenue reserves. During the period schools sought advice from the Trust before initiating any major investments.

Three schools in the Trust have not had their land and buildings transferred into the Trust because they are part of the Northamptonshire PFI project. Two of these schools transferred out of the Trust on 1st September 2018. The commitments to PFI costs can be seen in note 18 of the financial statements.

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

The Statement of Financial Activities shows a surplus of £300,000 (2017: Surplus £301,000). This includes a significant recognised surplus on the defined benefit pension scheme of £1,768,000 (2017 surplus £1,933,000). The significant change is due to the actuarial valuations at the year end. The overall deficit liability held on the balance sheet has decreased from £6,963,000 to £6,106,000 in one year.

The 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 presented to the Finance and Audit committee via monthly in management accounts and in a summary dashboard for the Trustees at Board meetings.

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

General reserves on the balance sheet show general restricted and unrestricted reserves of £933,000 (2017:£1,229,000). The Trust believes this level of reserves is appropriate.

During the year the Trust implemented changes to the support staff payscale to reflect the recommendations by the National Joint Council review. This led to staff receiving a pay increase of between 2% and 10% depending on the tier of the employee. An analysis of staff costs can be seen in notes 6 and 8 to the financial statements.

At the year end total staff costs as a percentage of income was 84% (2017: 85%), 58% (2017: 58%) of these costs were spent in direct teacher costs. The trust expects a spend between 75-80% of income in staff costs, and although the percentage has fallen since last year, the Trust has had to continually invest in temporary staff to cover long term sickness and restructuring costs.

The total cash balance was £1,818,000 (2017: £2,568,000) including capital funding of £413,000 (2017: £410,000). The Balance Sheet position at the year end was £11,802,000 (2017: £11,502,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Board continues to review risk through its risk register. During the 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 Education Skills and Funding Agency, 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 - the Trust is working to determine a long term status for the College, i.e. to continue within the current trust, current trust growth and expansion, or merge with another trust. This 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 Trust to meet its goals. The Trust reviews management accounts monthly and three year budget forecasts annually.

Growth - The risk that the Trust does not grow in a way that the Board requires to meet the revised strategic and operational goals. The 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 trust as a whole is below the Board's expectations. The Trust is looking individually at the investment needed in the school to continue to remedy this.

Reputation - The Trust will not attract pupils and quality staff. The Board seeks assurance through reports and audits on areas where reputational risk is high. There is a culture and ethos within the Trust to maintain and promote the Trust in a positive light. There is a crisis management plan and media support.

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

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Succession Planning - The risk the 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 set up a Remuneration and Benefits sub-committee and appointed J.Giovanelli to the position of Accounting Officer/CEO on the departure of the CEO. The Trust are using local networks and other professionals in its strategy for CFO succession planning.

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

INVESTMENTS POLICY

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

RESERVES POLICY

It is the Trust's view that there should be reserves to support schools to achieve their outcomes for today's children and not hold reserves unnecessarily. Due to the re brokering of 8 primary schools the trust has worked with the ESFA and the DfE to review the deficits and surpluses each school held at 31st August 2018. No deficits have transferred to the new trusts on the 1st September 2018 and all schools transferring with a balance have reserves above the amount guaranteed in the commercial transfer agreement. In reviewing reserves the Trust has taken into account the exit costs to be met in 2018/19 and required Kingsthorpe College to have a working reserve of at least £300,000. All of these expectations have been met. The total funds of the Trust amounted to £11,802,000 (2017: 11,502,000), with £933,000 (2017: £1,227,000) being freely available, the balance being invested in fixed assets, or having restriction, including the deficit on the local pension scheme of £6,106,000 (2017: £6,963,000). Funds notes 15 and 16 set out the carry forward for each school and the analysis between restricted and unrestricted funds.

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.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made that they are given full and fair consideration when such vacancies arise. There is an occupational health scheme in operation so employees who have become injured or disabled in the course of their employment can, where possible, continue in employment with the Trust.

During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

PLANS FOR FUTURE PERIODS

The Trust conducted a full strategic review of how the Trust operates and its regionality. Following the conclusion of this review, the Trust entered into discussions with the Regional Schools Commissioner and other key stakeholders in relation to a potential divestment strategy. At the date of this report, the strategy to divest the trust's primary schools is complete, with all eight transferring to new trusts on 1st September 2018. Trustees appointed a new accounting officer and CEO, effective from 14th September 2018 to complete the trustees strategic review to determine and secure a longer term locally centered future for its secondary school. To achieve this the Trustees and Executive will work with a range of partners including the Regional Schools Commissioner.

Our schools are not custodian Trustees on behalf of others.

THE COLLABORATIVE ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

AUDITOR

The Auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 14th December 2018 and signed on the boards behalf by:

.....
M.Emerson
Chairman

THE COLLABORATIVE ACADEMIES TRUST

GOVERNANCE STATEMENT

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 CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Collaborative Academies Trust and the Secretary of State for Education. He is also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control. The CEO stood down on the 14th September 2018 and the Headteacher of Kingthorpe College took up this position 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 eight times during the year. Attendance during the year at meetings of the Trust Board was as follows:

TRUSTEE/DIRECTOR	MEETINGS ATTENDED	OUT OF A POSSIBLE
N.Pope	7	8
S.Abouzahr	6	8
L.Phillips	2	2
M.Abraham	3	8
R.Imms	7	8
M.Emerson	7	8
Also in attendance		
S.Peck CEO	8	8
J.Olley CFO	8	8
S.McShane Director of School Improvement	8	8

The Board composition and governance is regularly reviewed at meetings. The Board has gone through a period of change since the 31st 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 recognise the need to seek a trustee with a financial background and have made this a priority. See Reference and Administrative Details page 2-3 for appointments and resignations post year end.

In the year all academies have a local governing body committee that takes responsibility for finance. Minutes are submitted to the CEO and circulated to the CFO as necessary. The committee that deals with finance at a local level is seen as a subcommittee of the Trust Board.

During the year the Finance and Audit Committee (Board Subcommittee) met four times during the year (2017: four). The purpose of this subcommittee is to oversee 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. In the coming year, the role of this committee will be assumed within the main Board Committee. Attendance at the Finance and Audit Committee is as set out.

THE COLLABORATIVE ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FINANCE AND AUDIT COMMITTEE ATTENDANCE

TRUSTEES		MEETINGS ATTENDED	OUT OF POSSIBLE
N.Pope		2	4
M.Abraham*		4	4
R.Imms	Resigned from committee 07/11/2018	1	1
S.Abouzahr	Appointed to committee 07/11/2018	2	3

* Chairman of committee

			MEETINGS ATTENDED	OUT OF POSSIBLE
Also in attendance				
S.Peck	CEO	Accounting Officer	4	4
J.Olley	CFO		4	4

RSM UK Audit LLP

2 2

REVIEW OF VALUE FOR MONEY

As Accounting Officer the Chief Executive Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for 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 Accounting Officer for the Academy Trust has delivered improved value for money by:

- Rebrokering 8 of the schools to trusts that had better capacity to increase the pace of improvement in outcomes for the pupils.
- Rebrokering the primary schools will allow more of the central funds to be concentrated on Kingthorpe College school improvement.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Collaborative Academies Trust for the year to 31st August 2018 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 31st August 2018 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;

THE COLLABORATIVE ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

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

- Testing of Payroll and HR systems
- Testing of purchases and cash management in a school with high illness and change of staff

The reports from Crowe Clark Whitehill were reviewed by the Finance and Audit Committee and the school local governing bodies. No significant issues arose.

REVIEW OF EFFECTIVENESS

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

- The work of the 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 development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 14th December 2018 and signed on its behalf by:

.....
M.Emerson
Chairman

.....
J.Giovanelli
Accounting Officer

THE COLLABORATIVE ACADEMIES TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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.

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J.Giovanelli
14th December 2018

THE COLLABORATIVE ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as governors of The Collaborative Academies Trust and are also the directors of the Charitable Company 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 Annual Accounts Direction published 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 Trustee Board on 14th December 2018 and signed on its behalf by:

.....

M.Emerson
Chairman

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

Opinion

We have audited the financial statements of The Collaborative Academies Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 FRS102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 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 31st August 2018 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 Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 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 Standards 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 ISA's (UK) require us to report to you where:

- the Trustees' use of 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 other information comprises the information included in the Trustees' Report other than the financial statements and our audit report thereon. The Trustees are responsible for the other information. 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 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 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.

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

Opinion on other requirement of 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees's Report and the incorporated Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 16, Trustees (who act as Trustees for the charitable company, and are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the 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 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 the ISAs (UK) will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the 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://frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Use of our report

This report is made solely to the charitable company's members, 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 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.

N.CATTINI (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

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THE COLLABORATIVE ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st August 2018

(Incorporating Income and Expenditure Account)

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018	Total 2017
	<i>Notes</i>	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and Capital Grants	2	150	217	413	780	754
Transfer from local authorities on conversion		-	-	-	-	-
Income from charitable activities						
Funding for the Academy Trust's educational operations	5	-	17,581	-	17,581	16,951
Other Trading Activities	3	264	-	-	264	209
Investment income	4	3	-	-	3	3
Total Income		417	17,798	413	18,628	17,917
Expenditure on:						
Raising funds	6	264	72	-	336	343
Charitable activities:						
Academy Trust's educational operations	6/7	-	18,986	774	19,760	19,206
Total Expenditure		264	19,058	774	20,096	19,549
Net (Expenditure)/ Income		153	(1,260)	(361)	(1,468)	(1,632)
Transfers between funds	15	(447)	347	100	-	-
Other Recognised (losses)/gains						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,768	-	1,768	1,933
Net Movement in Funds		(294)	855	(261)	300	301

THE COLLABORATIVE ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

For the year ended 31st August 2018

RECONCILIATION OF FUNDS

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018	Total 2017
	<i>Notes</i>	£'000	£'000	£'000	£'000	£'000
Net Movement in Funds		(294)	855	(261)	300	301
Total funds brought forward		1,227	(6,961)	17,236	11,502	11,201
TOTAL FUNDS CARRIED FORWARD	15, 16	933	(6,106)	16,975	11,802	11,502

THE COLLABORATIVE ACADEMIES TRUST

BALANCE SHEET

As at 31st August 2018

Company registration number: 08168307

	<i>Notes</i>	2018 £'000	2018 £'000	2017 £'000	2017 £'000
FIXED ASSETS					
Tangible assets	11		16,712		16,805
CURRENT ASSETS					
Stock	12	40		24	
Debtors	13	418		505	
Cash at bank and in hand		1,818		2,568	
		<u>2,276</u>		<u>3,097</u>	
CREDITORS: Amounts falling due within one year	14	<u>(1,080)</u>		<u>(1,437)</u>	
NET CURRENT ASSETS			<u>1,196</u>		<u>1,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			17,908		18,465
NET ASSETS EXCLUDING PENSION LIABILITY			17,908		18,465
Defined Benefit Pension Scheme Liability	23		<u>(6,106)</u>		<u>(6,963)</u>
TOTAL NET ASSETS			11,802		11,502
THE FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	15	16,975		17,236	
Restricted Income Fund	15	-		2	
Pension reserve	15	(6,106)		(6,963)	
		<u></u>		<u></u>	
TOTAL RESTRICTED FUNDS			10,869		10,275
TOTAL UNRESTRICTED FUNDS	15		<u>933</u>		<u>1,227</u>
TOTAL FUNDS			<u>11,802</u>		<u>11,502</u>

The financial statements on pages 20 to 52 were approved by the Board of Trustees and authorised for issue on 14th December 2018 and are signed on their behalf by:

.....
M.Emerson
Chairman

THE COLLABORATIVE ACADEMIES TRUST

STATEMENT OF CASHFLOWS

For the year ended 31st August 2018

	<i>Notes</i>	2018 £'000	2017 £'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Net Cash (used in)/provided by operating activities	19	(524)	(266)
Cashflows from investing activities	20	(226)	(4)
Change in Cash and Cash Equivalents in the year		(750)	(270)
Cash and Cash Equivalents at 1 September 2018		2,568	2,838
CASH AND CASH EQUIVALENTS AT 31st AUGUST	21	1,818	2,568

THE COLLABORATIVE ACADEMIES TRUST

ACCOUNTING POLICIES

GENERAL INFORMATION

The Collaborative Academies Trust is a Charitable Company limited by guarantee, domiciled and incorporated in England.

The address of the Company's registered Office and principal place of business is C/O Kingsthorpe College, Boughton Green Road, Kingsthorpe College, Northampton, NN2 7 HR.

The Company's principal activities are that of an educational academy trust and more detail can be found in the Trustees report on pages 4-11.

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

BASIS OF PREPARATION

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

GOING CONCERN

As fully explained within the Trustees' Report, the 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 to be transferred and paid out of the trust post year-end, as well as the financial impact of any further liabilities and warranties embedded within the various Commercial Transfer Agreements ("CTA"), have been built into the operational budgets and forecasts for the trust going forward. The budgets and forecasts have been prepared for the period through to December 2019 and based on this review, the trustees are of the view that the trust has sufficient liquid resources to ensure liabilities can be met as they fall due for a minimum of 12 months from the date of approval of these financial statements.

Following the re-brokerage, only Kingsthorpe College has remained in the trust and the 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 trust, the trustees have resolved to continue to operate Kingsthorpe College through the legal structure of the Collaborative Academies Trust for the foreseeable future and there are no current plans or proposals to collapse or liquidate the trust.

For these reasons, the trustees' are of the view that it remains appropriate to prepare the accounts on the going concern basis.

GRANTS RECEIVABLE

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

THE COLLABORATIVE ACADEMIES TRUST

ACCOUNTING POLICIES (CONTINUED)

GRANTS RECEIVABLE

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

SPONSORSHIP INCOME AND DONATIONS

Sponsorship income and donations provided to the Academy Trust are recognised in the Statement of Financial Activities in the period in which they are receivable, (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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 shall be accounted for where they are material and an estimated value can be established.

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.

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.

All resources expended are inclusive of any irrecoverable VAT.

THE COLLABORATIVE ACADEMIES TRUST

ACCOUNTING POLICIES (CONTINUED)

TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment. 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:

Long leasehold land	Over the life of the lease
Long leasehold buildings	Over the remaining useful life based on the surveyor valuation at conversion (between 19-47 years)
Leasehold Improvements	Over 10 years
Fixtures, fittings and equipment	Over 3 years
Motor Vehicles	Over 5 years

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

The trustees have considered the post year-end transfer out of the properties linked to the re-brokerage (note 27) and have concluded that as there are no planned changes to the on-going and existing use of the properties that, in-line with current GAAP, no further provision for accelerated depreciation and/or impairment is necessary within the 31st August 2018 financial statements

TAXATION

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

STOCKS

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

LEASED ASSETS

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

THE COLLABORATIVE ACADEMIES TRUST

ACCOUNTING POLICIES (CONTINUED)

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.

PENSION BENEFITS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, 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 prospective unit credit method. TPS is an unfunded multi employer scheme with no underlying assets to assign between employers. Consequently, the TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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 balance sheet date. The amounts charged to operating surplus are the current service costs and the cost of the 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 in 'Other Gains and Losses'.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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

FUNDS ACCOUNTING

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

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

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

THE COLLABORATIVE ACADEMIES TRUST

ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historic 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 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 23, will impact the carrying amount of the pensions 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 2018. 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.

The useful economic life of leasehold buildings has been based on the Quantity Surveyor's report at the date of conversion.

AGENCY ARRANGEMENTS

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

FINANCIAL INSTRUMENTS

The trust only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the trust and their measurement basis are as follows:

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost in note 17. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is no obligation to deliver services rather than cash or another instrument.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st August 2018

1 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31st AUGUST 2017

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2016 £'000
Income and endowments from:				
Donations and Capital Grants	165	200	389	754
Transfer from local authorities on conversion	-	-	-	-
Income from charitable activities				
Funding for the Academy Trust's educational operations	-	16,951	-	16,951
Other Trading Activities	209	-	-	209
Investment income	3	-	-	3
Total Income	377	17,151	389	17,917
Expenditure on:				
Raising funds	271	72	-	343
Charitable activities:				
Academy Trust's educational operations	-	18,456	750	19,206
Total Expenditure	271	18,528	750	19,549
Net Income / (Expenditure)	106	(1,377)	(361)	(1,632)
Transfers between funds	(380)	180	200	-
Other Recognised gains				
Actuarial gains/(losses) on defined benefit pension schemes	-	1,933	-	1,933
Net Movement in Funds	(274)	736	(161)	301

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2018 £'000	Total 2017 £'000
Capital Grants	-	-	413	413	389
Other donations	150	217	-	367	365
	150	217	413	780	754

3 OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted general funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	11	-	11	11
Commission	3	-	3	3
Breakfast and after school club	88	-	88	95
Uniform	1	-	1	4
Staff services	143	-	143	81
Fundraising	18	-	18	15
	264	-	264	209

4 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	3	-	3	3

5 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/EFA REVENUE GRANTS					
General Annual Grant (GAG)	-	16,032	-	16,032	15,458
Other DfE/ESFA Grants	-	388	-	388	317
TOTAL DfE/EFA REVENUE GRANTS	-	16,420	-	16,420	15,775
OTHER GOVERNMENT GRANTS					
Local Authority Grants	-	1,161	-	1,161	1,176
TOTAL OTHER GOVERNMENT GRANTS	-	1,161	-	1,161	1,176
FUNDING FOR ACADEMY TRUST'S	-	17,581	-	17,581	16,951

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

6 EXPENDITURE

	Staff costs £'000	Non pay expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds	149	-	187	336	343
Academy Trust's education operations					
Direct costs	12,145	-	1,174	13,319	13,044
Allocated support costs	3,032	1,445	1,964	6,441	6,162
	<u>15,326</u>	<u>1,445</u>	<u>3,325</u>	<u>20,096</u>	<u>19,549</u>

Net (income)/expenditure for the period includes:

	2018 £'000	2017 £'000
Operating lease rentals	728	731
Depreciation	735	706
Profit on disposal of fixed assets	-	(4)
Fees payable to auditor for:		
- audit	37	36
- non audit services	15	16

7 CHARITABLE ACTIVITIES - ACADEMY TRUST'S EDUCATION OPERATIONS

	2018 £'000	2017 £'000
DIRECT COSTS- Educational Operations	13,319	13,044
SUPPORT COSTS- Educational Operations	6,441	6,162
	<u>19,760</u>	<u>19,206</u>

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

7 CHARITABLE ACTIVITIES - (CONTINUED)

	2018	2017
ANALYSIS OF SUPPORT COSTS	£'000	£'000
Support staff costs	2,797	2,608
Depreciation	735	706
Technology costs	241	231
Premises costs	1,445	1,434
Catering	417	396
Bank interest and charges	8	7
Other support costs	496	496
Other finance cost - pension finance cost	178	173
Governance Costs	124	111
	<u>6,441</u>	<u>6,162</u>

8 STAFF COSTS

	2018	2017
Staff costs during the period were:	£'000	£'000
Wages and salaries	11,137	10,785
Social security costs	985	946
Pension costs	2,807	2,615
	<u>14,929</u>	<u>14,346</u>
Central HQ benefits	8	10
Supply teacher costs	281	404
Apprenticeship Levy	41	16
Staff restructuring costs	67	70
	<u>15,326</u>	<u>14,846</u>
Staff restructuring costs consist of:		
Redundancy Payments	2	-
Severance Payments	65	70
	<u>67</u>	<u>70</u>

Staff Severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £64,850 (2017: £69,600). Individually the payments were: £8,880 made on 31/07/2018, £20,000 made on 31/03/2018 and £35,970 made on 31/08/2018.

Staff numbers

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

	2018	2018	2017	2017
	No.	FTE	No.	FTE
Teachers	203	186	204	186
Administration and support	315	193	316	192
Key Management Personnel	14	12	12	12
	<u>532</u>	<u>391</u>	<u>532</u>	<u>390</u>

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

8 STAFF COSTS (CONTINUED)

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

	2018	2017
£60,001 - £70,000	6	1
£70,001 - £80,000	3	5
£80,001 - £90,000	1	1
£100,001-£110,000	1	-
£110,001 - £120,000	1	1

Nine (2017: Five) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2018, pension contributions for these staff amounted to £104,524 (2017:£62,133).

The other three (2017: Three) members of staff participated in the defined contribution scheme. Pension contributions for those members of staff were £18,521 (2017: £17,109) for the period.

The key management personnel of the Academy Trust comprise of the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer national insurance and pension contributions) received by key personnel for their services to the Academy Trust was £1,104,722 (2017:£1,193,489). This included £35,970 in settlement agreements.

Gifts and Hospitality

During the year the Trust authorised £51.62 (2017: £36.99) from restricted funds that could be classified as 'Gifts'.

9 RELATED PARTY TRANSACTIONS -TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees have been paid remuneration or have received benefits from employment with the Academy Trust. Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal under their contracts of employment and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

S.Peck (Chief Executive Officer)

Remuneration £100,001-£110,000

Employer's pension contributions £5,001-£10,000

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

9 RELATED PARTY TRANSACTIONS -(CONTINUED)

During the year ended 31st August 2018, travel and subsistence expenses totalling £3,431 (2017:£5,362) were reimbursed to three Trustees and 1 Member (2017: four Trustees). The re-imbursement for the member represents an 'at cost' re-imbursement of travel expenses to attend a Board meeting.

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

10 TRUSTEES' AND OFFICERS INSURANCE

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

The cost of this insurance is £1,134.17 (2017: £976) and has been included in the total insurance cost.

11 TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £'000	Fixtures, fittings, equipment & motor vehicles £'000	Total £'000
COST			
At 1st September 2017	18,414	1,001	19,415
Additions	494	148	642
At 31st August 2018	18,908	1,149	20,057
DEPRECIATION			
At 1st September 2017	1,882	728	2,610
Charge for the period	564	172	735
At 31st August 2018	2,446	900	3,345
NET BOOK VALUE			
31st August 2018	16,462	249	16,712
31st August 2017	16,532	273	16,805

The long leasehold properties transferred on conversion have been transferred at a valuation, which has been fixed at the date of transfer. The valuations were completed by DVS Property Specialists, Chartered Surveyors, on a depreciated replacement cost basis, in accordance with the Statement of Assets Valuation Practice 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

12 STOCK

	2018	2017
	£'000	£'000
Resources and Stationery	40	24

13 DEBTORS

	2018	2017
	£'000	£'000
Trade debtors	9	35
VAT recoverable	212	203
Other debtors	3	5
Prepayments and accrued income	194	262

418 505

14 CREDITORS: Amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	483	714
Other taxation and social security	123	231
Other creditors	37	241
Accruals and deferred income	437	251

1,080 1,437

Deferred income:

	2018	2017
	£'000	£'000
Deferred Income at 1st September 2017	143	131
Amounts released from previous year	(143)	(131)
Resources deferred in the period	142	143

Deferred income at 31st August 2018

142 143

The deferred income relates to Universal Infant Free School Meals advances of £141,991 (2017: £142,757) from the ESFA.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

15 FUNDS

	At 1st September 2017 £'000	Incoming £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31st August 2018 £'000
RESTRICTED GENERAL FUNDS					
General Annual Grant	-	16,032	(16,379)	347	-
Pension reserve	(6,963)	-	(911)	1,768	(6,106)
	(6,963)	16,032	(17,290)	2,115	(6,106)
Other DfE/ESFA grants	-	388	(388)	-	-
Local authority grants	-	1,161	(1,161)	-	-
Other Grants	2	217	(219)	-	-
	(6,961)	17,798	(19,058)	2,115	(6,106)
RESTRICTED FIXED ASSET FUNDS					
Inherited on conversion	15,921	-	(563)	-	15,358
DfE/ESFA capital grants	872	412	(153)	-	1,131
Capital expenditure from GAG	384	-	(50)	100	434
Other Capital grant	-	-	-	-	-
Local Authority Capital Grant	59	1	(8)	-	52
	17,236	413	(774)	100	16,975
TOTAL RESTRICTED	10,275	18,211	(19,832)	2,215	10,869
TOTAL UNRESTRICTED FUNDS					
	1,227	417	(264)	(447)	933
TOTAL FUNDS	11,502	18,628	(20,096)	1,768	11,802

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

15 FUNDS (CONTINUED)

COMPARATIVE FUNDS STATEMENT

	At 1st September 2016 £'000	Incoming £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31st August 2017 £'000
RESTRICTED GENERAL FUNDS					
General Annual Grant	360	15,458	(15,998)	180	-
Pension reserve	(8,065)	-	(831)	1,933	(6,963)
	(7,705)	15,458	(16,829)	2,113	(6,963)
Other DfE/ESFA grants	-	317	(317)	-	-
Local authority grants	-	1,176	(1,176)	-	-
Other Grants	8	200	(206)	-	2
	(7,697)	17,151	(18,528)	2,113	(6,961)
RESTRICTED FIXED ASSET FUNDS					
Inherited on conversion	16,461	-	(540)	-	15,921
DfE/ESFA capital grants	651	380	(159)	-	872
Capital expenditure from GAG	224	-	(40)	200	384
Other Capital grant	-	-	-	-	-
Local Authority Capital Grant	61	9	(11)	-	59
	17,397	389	(750)	200	17,236
TOTAL RESTRICTED FUNDS	9,700	17,540	(19,278)	2,313	10,275
TOTAL UNRESTRICTED FUNDS	1,501	377	(271)	(380)	1,227
TOTAL FUNDS	11,201	17,917	(19,549)	1,933	11,502

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 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 31st August 2018. A transfer of funds represents the amount of revenue income spent over and above the capital funding received by schools in the purchase of fixed assets in the amount of £100,000 (2017: £200,000) and a transfer of unrestricted to restricted reserves of £347,000 (2017: £180,000). The movement of 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 31st August 2018

15 FUNDS (CONTINUED)

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

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

The DfE/ESFA capital grant fund represents the total amount of capital grants received. The monies spent on fixed assets and refurbishment works are therefore allocated to this fund. 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.

Analysis of academies by fund balance:

Fund balances at 31st August were allocated as follows:

	2018	2017
	£'000	£'000
Kingsthorpe College	369	603
Spring Lane Primary School	282	252
Lumbertubs Primary School	117	145
Manor Court Community Primary School	-	111
Priorswood Primary School	-	29
Wellesley Park Primary School	57	111
Woolavington Village Primary School	-	6
Willow Brook Primary School and Nursery	-	(30)
Willowdown Primary Academy	-	(63)
Head Office	108	65
	<u>933</u>	<u>1,229</u>
Restricted fixed asset fund	16,975	17,236
Pension reserve	(6,106)	(6,963)
	<u>10,869</u>	<u>10,273</u>
Total funds	<u>11,802</u>	<u>11,502</u>

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

15 FUNDS (CONTINUED)

Analysis of academies by cost:

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Total 2018 £'000	Total 2017 £'000
Kingsthorpe College	4,641	805	144	1,430	7,020	6,549
Spring Lane Primary School	1,590	108	70	354	2,122	2,150
Lumbertubs Primary School	848	66	32	251	1,197	1,186
Manor Court Community	1,224	212	54	268	1,758	1,717
Priorswood Primary School	627	121	18	200	966	1,052
Wellesley Park Primary	1,211	164	31	363	1,769	1,620
Woolavington Primary	516	153	16	153	838	829
Willow Brook Primary	727	205	30	166	1,128	1,187
Willowdown Primary Academy	697	97	19	198	1,011	986
Central HQ Office	3	399	-	239	641	692
LGPS pension finance cost	-	733	-	178	911	831
	12,084	3,063	414	3,800	19,361	18,799

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2018 £'000	Total 2017 £'000
Tangible fixed assets	-	-	16,712	16,712	16,805
Current assets	933	1,080	263	2,276	3,097
Current liabilities	-	(1,080)	-	(1,080)	(1,437)
Pension scheme liability	-	(6,106)	-	(6,106)	(6,963)
TOTAL NET ASSETS	933	(6,106)	16,975	11,802	11,502

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

17 FINANCIAL INSTRUMENTS	2018	2017
Financial assets:	£'000	£'000
Debt Instruments measured at amortised cost	11	39
Financial liabilities	£'000	£'000
Measured at amortised cost	796	718

18 FINANCIAL COMMITMENTS

OPERATING LEASES

At 31st August the total of the Academy Trust's future minimum lease payments (including PFI) under non-cancellable operating leases as follows:

	2018	2017
	£'000	£'000
Amounts due within one year	735	713
Amounts due between one to five years	2,902	2,790
Amounts due over five years	10,249	10,505
	<u>13,886</u>	<u>14,008</u>

At 1st September, following re-brokering, the total of the Academy Trust's future minimum lease payments (including PFI) under non-cancellable operating leases as follows:

	2018
	£'000
Amounts due within one year	490
Amounts due between one to five years	1,958
Amounts due over five years	6,933
	<u>9,381</u>

19 RECONCILIATION OF NET

INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
Net (expenditure)/ Income for the reporting period as per the Statement of Financial Activities	(1,468)	(1,632)
Cash impact of transfer on conversion	-	-
Depreciation (note 11)	735	706
Capital grants from DfE/ESFA/LA	(413)	(389)
Interest receivable	(3)	(3)
Defined benefit scheme cost less contributions payable (note 23)	733	658
Defined benefit pension scheme finance cost (note 23)	178	173
Decrease)/(Increase) in stocks	(16)	20
Decrease in debtors	87	174
Increase in creditors	(357)	27
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>(524)</u>	<u>(266)</u>

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

20 CASH FROM INVESTING ACTIVITIES	2018	2017
	£'000	£'000
Interest received	3	3
Proceeds from the sale of fixed assets	-	2
Purchase of tangible fixed assets	(642)	(398)
Capital grants from DfE/EFA	412	380
Capital grant from Local Authority	1	9
	<u> </u>	<u> </u>
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	<u>(226)</u>	<u>(4)</u>
20A CASH TRANSFERRED ON CONVERSION TO AN ACADEMY	2018	2017
Cash balance transferred on conversion	<u>-</u>	<u>-</u>
21 ANALYSIS OF CASH AND CASH EQUIVALENTS		
	At 31st	At 31st
	August 2018	August 2017
Cash at bank and in hand	1,818	2,568
	<u> </u>	<u> </u>

22 MEMBERS' LIABILITY

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

23 PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31st March 2012 and of the LGPS 31st March 2016.

Contributions amounting to £2,075 (2017: £219,697) were payable to the schemes at the 31st August 2018 and are included within accruals.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Services 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 31st March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9th June 2014. The key elements of the valuation and subsequent consultations are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pension currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investment held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers pension costs paid to TPS in the year amounted to £1,124,000 (2017: £1,094,000).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined benefit scheme. The Trust has set out above the information available on the scheme.

The LGPS are a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2018 was £942,000 (2017:£892,000), of which employer's contributions totalled £752,000 (2017: £705,000) and employees' contribution totalled £190,000 (2017: £187,000). The agreed rates for future years are 22.6% Sept 2018, 21.6% Sept 2019 for employers in Northamptonshire, 21.8% April 2018 and 22.8% April 2019 in Essex and 20.9% for employers in Somerset and between 5.5 - 8.5 % for employees.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

NORTHAMPTONSHIRE

Principal actuarial assumptions

	2018	2017
Rate of increase in salaries	2.6%	2.7%
Rate of increase for pensions in payment/Inflation	2.3%	2.4%
Discount rate	2.8%	2.5%
Inflation assumption (CPI)	2.3%	2.4%
Commutation of pension to lump sum (Pre April 2008/post April 2008)	50%/75%	50%/75%

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

	2018	2017
	Years	Years
Retiring today:		
Males	22.1	22.1
Females	24.2	24.2
Retiring in 20 years:		
Males	23.9	23.9
Females	26.1	26.1

Sensitivity Analysis

	2018	2017
	£'000	£'000
Discount rates +0.1%	6,149	6,560
Discount rates -0.1%	6,521	6,920
Mortality assumptions- 1 year increase	6,526	6,942
Mortality assumptions- 1 year decrease	6,144	6,538
CPI rate +0.1%	6,485	6,882
CPI rate -0.1%	6,185	6,598

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (Continued)

NORTHAMPTONSHIRE (CONTINUED)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	3,013	2,572
Bonds	611	556
Property	325	243
Cash	122	104
	<hr/>	<hr/>
TOTAL MARKET VALUE OF ASSETS	4,071	3,475

The actual return on the scheme assets was £216,000 (2017: £187,000).

Amounts recognised in the statement of financial activities:

	2018 £'000	2017 £'000
Current service cost	643	531
Net interest cost	164	148
	<hr/>	<hr/>
Total operating charge	807	679

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

	2018 £'000	2017 £'000
At 1st September 2017	6,213	6,740
Upon conversion	-	-
Current service cost	643	531
Interest cost	164	148
Employee contributions	82	83
Benefits paid	(28)	(21)
Changes to actuarial assumptions	(739)	(1,268)
	<hr/>	<hr/>
At 31st August 2018	6,335	6,213

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

	2018 £'000	2017 £'000
At 1st September 2017	3,475	2,882
Upon conversion	-	-
Interest on assets	91	65
Return on plan assets (excluding net interest cost)	105	122
Employee contributions	82	83
Estimated benefits paid	(28)	(21)
Employer contributions	346	344
	<hr/>	<hr/>
At 31st August 2018	4,071	3,475

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

SOMERSET

Principal actuarial assumptions

	2018	2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment	2.3%	2.7%
Discount rate	2.65%	2.6%
Inflation (CPI)	2.3%	2.7%
Commutation of pension to lump sum (Pre April 2008/post April 2008)	50.0%	50%/75%

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

	2018 Years	2017 Years
Retiring today:		
Males	24.0	23.9
Females	25.2	25.1

Retiring in 20 years:

Males	26.3	26.2
Females	27.5	27.4

Sensitivity Analysis

	2018 £'000	2017 £'000
Discount rates +0.1%	6,054	5,932
Discount rates -0.1%	6,356	6,225
Mortality assumptions- 1 year increase	6,412	6,277
Mortality assumptions- 1 year decrease	6,000	5,884
CPI rate +0.1%	6,339	6,198
CPI rate -0.1%	6,072	5,958

The Academy Trust's share of the assets and liabilities in the Somerset scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	2,227	1,887
Gilts	166	147
Other bonds	281	263
Property	274	239
Cash	147	116
TOTAL MARKET VALUE OF ASSETS	3,095	2,652

Actual return on scheme assets was £163,000 (2017:£290,000).

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

SOMERSET (CONTINUED)

Amounts recognised in the Statement of Financial Activities:	2018	2017
	£'000	£'000
Current service cost	707	815
Net interest cost	85	73
Admin charge	1	1
Total operating charge	793	889

Changes in the present value of defined benefit obligations were as follows:	2018	2017
	£'000	£'000
At 1st September 2017	6,077	5,360
Upon conversion	-	-
Current service cost	707	709
Interest cost	158	122
Employee contributions	90	86
Actuarial loss	(726)	(159)
Benefits paid	(103)	(41)
At 31st August 2018	6,203	6,077

Changes in the fair value of Academy Trust's share of scheme assets:	2018	2017
	£'000	£'000
At 1st September 2017	2,652	1,963
Upon conversion	-	-
Interest on assets	73	49
Return on plan assets (excluding net interest on the net defined pension liability)	46	241
Actuarial gain/(loss)	(1)	(37)
Employer contributions	338	297
Employee contributions	90	86
Benefits paid	(103)	(41)
Plan introductions, benefit charges, curtailments and settlements	-	94
At 31st August 2018	3,095	2,652

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

ESSEX

Principal actuarial assumptions

	2018	2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment	2.3%	2.7%
Discount rate	2.7%	2.6%
Inflation (CPI)	2.3%	2.7%
Commutation of pension to lump sum	50.0%	50.0%

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

	2018 Years	2017 Years
Retiring today:		
Males	22.3	22.2
Females	24.8	24.7

Retiring in 20 years:

Males	24.5	24.3
Females	27.1	27.0

Sensitivity Analysis

	2018 £'000	2017 £'000
Discount rates +0.1%	1,088	1,085
Discount rates -0.1%	1,146	1,143
Mortality assumptions- 1 year increase	1,155	1,150
Mortality assumptions- 1 year decrease	1,080	1,080
CPI rate +0.1%	1,144	1,139
CPI rate -0.1%	1,090	1,089

The Academy Trust's share of the assets in the Essex scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	245	205
Gilts	20	20
Other bonds	22	12
Property	34	30
Cash	13	10
Alternative assets	34	24
Other managed funds	15	13
TOTAL MARKET VALUE OF ASSETS	383	314

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

ESSEX (CONTINUED)

Actual return on scheme assets was £20,000 (2017:£31,000).

Amounts recognised in the Statement of Financial Activities:

	2018	2017
	£'000	£'000
Current service cost	135	123
Net interest cost	20	17
Total operating charge	155	140

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

	2018	2017
	£'000	£'000
At 1st September 2017	1,114	985
Upon conversion	-	-
Current service cost	135	123
Interest cost	29	22
Change in financial assumptions	(142)	(30)
Employee contributions	18	18
Change in demographic assumptions	-	15
Experience loss/(gain) on defined obligation	-	(19)
Estimated benefits paid net of transfers in	(37)	-
At 31st August 2018	1,117	1,114

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

	2018	2017
	£'000	£'000
At 1st September 2017	314	175
Interest on assets	9	5
Return on plan assets (excluding net interest cost)	11	26
Employee contributions	18	18
Employer contributions	68	64
Other actuarial gains/(losses)	-	26
Estimated benefits paid plus unfunded net of transfers in	(37)	-
At 31st August 2018	383	314

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

23 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Local Government Pension Schemes (continued)

CONSOLIDATED LOCAL GOVERNMENT PENSION SCHEMES

	2018	2017
	£'000	£'000
Present value of defined benefit obligations	(13,655)	(13,404)
Fair value of share of scheme assets	7,549	6,441
Deficit in the scheme	(6,106)	(6,963)
Amounts recognised in the Statement of Financial Activities:	2018	2017
	£'000	£'000
Current service cost	1,485	1,469
Net interest cost	269	238
Admin cost	1	1
Total operating charge	1,755	1,708

Other pension commitments

In addition to the above, the Charitable Company also makes payments into a defined contribution scheme on behalf of certain employees. The assets of this scheme are held separately to those of the charitable company in an independently administered fund. The contributions payable for the period are £25,193 (2017: £22,331) and these have been included in the Statement of Financial Activities.

At the 31st August 2018 £2,075 (2017: £2,374) was included in creditors.

24 RELATED PARTIES

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

EdisonLearning Limited

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

EdisonLearning provided some school improvement support to Willow Brook Primary School and Nursery during the year and provided a base for the Trust until December 2017. The expenditure is recharged to the trust at cost and this is set out below:

	2018	2017
	£'000	£'000
Staff Cost	-	5
School Improvement	4	5
Administrative costs	1	1
	5	11

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

RELATED PARTIES (CONTINUED)

EdisonLearning Ltd provided office facilities for part of the year at no cost. The estimated costs apportioned on a room basis would be approximately £1,250 (2017: £5,000) and have not been included on the grounds of materiality.

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

There are no other related party transactions other than those disclosed and in Note 9.

25 CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the period:

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

The Trust passports 95.2% of GAG to its primary schools and and 96.9% of GAG to its secondary school. It does this by reducing the amount of GAG it transfers onto schools on a monthly basis. During the year the trust re-assessed the amount it passported to schools to take account of deficit budgets and exit costs associated with the rebrokering of the 8 primary schools. The Trust worked closely with the ESFA and DfE to make sure that schools transferred with the maximum reserves possible. Schools in Somerset that transferred with an ofsted rating below 'Good' were able to access at least £70,000 of funding on transfer and all deficits were eliminated at the 31st August 2018.

The actual amount contributed during the period by each academy was as follows:

	2,018	2017
	£'000	£'000
Kingsthorpe College	285	227
Lumbertubs Primary School	64	55
Spring Lane Primary School	130	97
Manor Court Community Primary School	141	91
Priorswood Primary School	35	77
Wellesley Park Primary School	(5)	53
Woolavington Village Primary School	20	42
Willowdown Primary Academy	8	43
Willow Brook Primary School and Nursery	(6)	54

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 2017 was a creditor of £19,194. In the period it received £25,022 (2017: £25,022) and disbursed £25,506, including an admin fee of £1251, (2017: £11,528) with an amount of £18,709 (2017: £19,194) included in other creditors.

THE COLLABORATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st August 2018

27 EVENTS AFTER THE YEAR END

On the 1st September 2018 (the “date of transfer”), the eight primary schools (“the transferring schools”) within the trust (Priowood Primary School, Wellesley Primary School, Manor Court Community Primary School, Woolavington Village Primary School, Willowdown Primary Academy, Willow Brook Primary School and Nursery, Lumbertubs Primary School and Spring Lane Primary School) were re-brokered under the terms of individual Commercial Transfer Agreements (“CTA”) and transferred into other multi-academy trusts. All of the schools except Lumbertubs Primary School and Spring Lane Primary School, who have PFI contracts, have transferred out of the trust with a property occupied on a 125 year lease, the balance of the respective school’s share of the LGPS deficit and the balance of the school’s reserve surplus, as calculated and defined in the underlying CTA between CAT and the receiving trust. The property and LGPS balances have been transferred out at book value and the settlement of the school reserves positions will be met by cash transfers, as agreed through consultation with the Regional Schools Commissioners, ESFA and DfE. The effect of the transfer of the PFI contractual commitments is disclosed in note 18.

At the date of transfer, the properties occupied by the transferring schools had a carrying value of approximately £16,532,00 and were included at their book value with the trust’s tangible fixed assets as at 31st August 2018 (see note 11).

At the date of transfer, the deficit on the transferring schools’ LGPS obligations totalled £3,810,000, comprised of scheme assets of £5,591,000 and scheme liabilities of £9,401,000. Under the terms of the CTAs, the CAT is not liable or responsible for any future funding in respect of the deficits transferred.

In respect of the balance of the transferring schools’ reserves surpluses, under the terms of the CTAs the minimum amounts to be paid was £468,000, including the £158k re capital monies. The amounts physically paid to date were £391,000 and the balance of funds is due to be paid 1st December. The trustees have reflected the committed payments into their forecasts and have considered this further as part of their assessment of the trust’s ability to continue operating as a going concern.

On signing the CTA's the Trustees reviewed individually any warranties and indemnities included in the documentation. It continues to review any risk which in its opinion is low, and has taken this into consideration when deciding on the use of the going concern basis for the Trust.

THE COLLABORATIVE ACADEMIES TRUST

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

In accordance with the terms of our engagement letter dated 3rd June 2016 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Collaborative Academies Trust during the period 1st September 2017 to 31st August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Collaborative Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to 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.

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

The accounting officer is responsible, under the requirements of The Collaborative Academies Trust's funding agreement with the Secretary of State for Education dated June 2016 and the Academies Financial Handbook extant from 1st September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2017 to 31st August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

THE COLLABORATIVE ACADEMIES TRUST

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1st September 2017 to 31st August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK AUDIT LLP

Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
CM1 1LN

December 2017
