



**Calthorpe Teaching Academy Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

For the year ended 31 August 2016

Company Registration Number: 09064864 (England and Wales)

Calthorpe Teaching Academy Trust

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CALTHORPE TEACHING ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

MEMBERS

N.Rashid		Resigned 18 July 2016
B.Brinson		Resigned 18 July 2016
E.Michael		Resigned 7 September 2015
S.Hobbs	(Principal)	Resigned 31 December 2015
R.Chapman	(Principal)	Appointed 1 January 2016, Resigned 18 July 2016
L.Pearcey		Appointed 18 July 2016
P.Smart		Appointed 18 July 2016
D.Pawlowski		Appointed 18 July 2016

TRUSTEES

N.Rashid	(Chair)	Resigned 18 July 2016
B.Brinson		Resigned 18 July 2016
E.Michael		Resigned 7 September 2015
S.Hobbs	(Acting Principal)	Resigned 31 December 2015
R.Chapman	(Principal and Accounting officer)	Appointed 1 January 2016
P.Smart		Appointed 18 July 2016
D.Pawlowski		Appointed 18 July 2016
S.Sherman	(Chair)	Appointed 18 July 2016
G.Tyler		Appointed 18 July 2016
L.Pearcey		Appointed 18 July 2016

SENIOR MANAGEMENT TEAM

R.Chapman	(Principal)
C.Bennett	(Deputy Headteacher)
M.Meghalsi	(Deputy Headteacher)
A.Miles	(Strategic Business Manager)
A. Zaman	(Assistant Headteacher)
S.Williams	(Assistant Headteacher)
C.McCartney	(Assistant Headteacher)
G.Nicholls	(Assistant Headteacher)

COMPANY NAME

Calthorpe Teaching Academy Trust

PRINCIPAL AND REGISTERED OFFICE

Darwin Street
Highgate
Birmingham
B12 0TP

COMPANY REGISTRATION NUMBER

09064864

CALTHORPE TEACHING ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

INDEPENDENT AUDITOR

Moore Stephens
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

BANKERS

HSBC
8th Floor
12 Calthorpe Road
Birmingham
B15 1QZ

SOLICITORS

Browne Jacobson LLP
44 Castle Gate
Nottingham NG1 7BJ

CALTHORPE TEACHING ACADEMY TRUST

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31st August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 2-19, serving the catchment area of Birmingham and the surrounding area. It has a pupil capacity of 450 and has a roll of 376 at present.

Structure, Governance and Management

Constitution

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

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

Calthorpe Teaching Academy Trust does not have any third party indemnities.

Method of Recruitment and Appointment or Election of Trustees

The management of the Academy is the responsibility of the trustees who are elected and co-opted under the terms of the Academy deed. The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected. The trustees who were in office at 1 September 2016 and who served during the year are listed on page 3.

The members of the Academy trust are entitled to appoint 7 trustees. The Chief Executive Officer (or Principal of Calthorpe Teaching Academy if there is no CEO), shall be a trustee. Additionally, a minimum of 2 parent trustees shall be appointed by the trustees via an election process, or directly, should the number of parents standing for election be less than the number of vacancies.

Trustees' Report (continued)

Where recruitment of new trustees is required, the Academy advertises this on its website and via letters home to parents. The Academy has also used the services of SGOSS, a nationally recognised Governor recruitment organisation.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new trustees will depend on their existing experience. Where required, induction will include training on educational, legal, safeguarding and financial matters. All new trustees will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as trustees. As there is expected to be only a small number of new trustees a year, induction is generally carried out informally and will be tailored specifically to the individual.

Organisational Structure

Calthorpe Teaching Academy was set up with a management structure to support the Education Brief. The Academy's management structure consists of four levels: the Members, the Trustees, Local Boards and the Senior Leadership Teams. The latter two bodies will be present within each of the individual schools within the MAT.

The Academy members set the operational strategy of the trust. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy Trust, approving major items of expenditure and making senior staff appointments. The Local Governing bodies and Senior Leadership teams have delegated authority to manage day-to-day school operations.

The Trustees operated a committee structure reporting into the main Governing Body up to 18th July 2016. Committees consisted of Finance, Curriculum and Personnel. Each committee had approved terms of reference which were reviewed and restated by the Trustees on an annual basis. As of 18th July 2016 when a new board of trustees was appointed, this was no longer the case and the full trustee body met on a monthly basis.

During the course of the 2015/16 year, the Full trustee body formally met 7 times, the Curriculum committee met 2 times, the Finance committee met 2 times and the Personnel committee met 3 times.

The Trustees have approved a financial procedures manual/scheme of delegation which clearly sets out the level of financial authority delegated to the Principal (who is the Chief Accounting Officer) and other members of staff.

The Calthorpe Academy Senior Leadership Team (SLT) comprises the Principal, two Deputy Headteachers, four Assistant Headteachers and the Strategic Business Manager. The SLT are responsible for day-to-day operation of Calthorpe Academy, in particular organising and directing the teaching staff, facilities and students. Heads of Departments have delegated budget and management responsibilities and the SLT cascade management of the Academy down through the Heads of departments.

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

Performance management and pay of the Principal is determined by the trustees of the organisation during their annual performance management review. The academy Leadership team are subject to performance management by the academy principal, who sets annual objectives and reviews performance against those objectives at the end of each year. All key personnel remuneration changes are communicated to the trustees.

No trustees (other than the principal) are in receipt of any remuneration, other than the refund of out of pocket expenses incurred in the line of performing their duties for the trust.

Related Parties and other Connected Charities and Organisations

Calthorpe Teaching Academy Trust works closely with Calthorpe Vocational Trust (CVT), an EFA funded 19-25 Centre providing employment and self-assisted living educational opportunities to young people with Special Needs. A loan has been provided to CVT and the staff working at that facility are seconded from Calthorpe Teaching Academy Trust. CVT repay staffing costs charged to them on a regular basis and the loan (which has been made at favorable commercial rates of interest), is repaid annually on 1st September. A member of Calthorpe Teaching Academy Trust's Leadership team is also one of the Directors of CVT.

Objectives and Activities

Objects and Aims

The Academy objects are set out in its Articles of Association and referred to specifically on page 5 of its Articles. In summary its objective is to establish, maintain, manage and develop a school specially organised to make special educational provision for pupils with Special Educational Needs. The Academy aims to promote, for the benefit of the inhabitants of Birmingham and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of said inhabitants. It seeks to deliver this object through Calthorpe Teaching Academy, which opened to students in September 2014 on premises leased from Birmingham City Council, which were previously occupied by Calthorpe School.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy and the conditions of grant funding.

Objectives, Strategies and Activities

The vision of Calthorpe Academy is to continue to teach our learners 'the skills they need for the lives they want'. We will ensure that our curriculum is diverse, personalised and enriched to meet the very individual needs of our learners. We will continue to develop and adapt as the needs and aspirations of our children and young people change. We seek to ensure that we accommodate our learners in a safe, highly enriched and vibrant learning environment where everybody's voice is heard and the learner is at the centre of everything we do.

Trustees' Report (continued)

Our activities are predicated upon the following aims, values and development priorities:

Aims:

- To meet the needs and aspirations as detailed in the learners Education, Health & Care Plans/Statement of Needs.
- To challenge and inspire students to gain the highest standards in a well- resourced and personalised learning environment.
- To encourage and inspire students to develop lively enquiring minds, enjoy learning and develop independent creative ideas to achieve their highest aspirations.
- To provide an educational environment that uses new technology as a mechanism to support learning, aid communication and raise standards.
- To ensure that self-evaluation and reflection is an ingrained aspect of practice for all staff and students.
- To encourage and prepare students and staff to become active healthy citizens of the Academy and the wider world.
- To work in a collaborative partnership with local, national and international organisations (such as business, industry and educational institutions), to share our resources and expertise and to learn from them.

Values:

- We believe that all members of the Academy have a responsibility to act in a moral and respectful manner towards themselves, others and their environment, showing care, consideration, co-operation and respect for all.
- We believe that all members of the Academy have the right to be safe, supported, valued and cared for at all times.
- We believe that all members of the Academy should be encouraged to develop their skills, expand their knowledge, embrace challenge and reach their full potential.
- We believe in encouraging students and staff to take pride in their achievements and to celebrate their success.
- We support partnerships between students, parents and school to achieve high quality discipline and learning.
- We value all our staff and students, recognising that they deserve the highest respect and quality of resources in promoting achievement of aspirational targets.
- We believe in being fair, honest and compassionate in all our work as a school.

Trustees' Report (continued)

Our Development Priorities:

- Ensure that all mandatory safeguarding policies and procedures are met; including safer recruitment and embedding safeguarding into the curriculum.
- To continue to develop and improve the learning environment, both indoor and outdoor.
- To develop a more robust Board of Directors/Members through a detailed skills analysis, informed CPD and targeted recruitment.
- Further improve the quality of teaching and ensuring it is consistently good or better, ensuring all students make median/upper quartile progress.
- Ensure that the curriculum offer is diverse, personalised and enriched to meet the needs and aspirations of our learners.
- To establish a highly effective Post-16 Vocational Centre to ensure that the curriculum can better prepare young people for adulthood/world of work.
- Further develop methods of assessment to ensure the effective monitoring of progress and prediction of outcomes.
- Further develop the use of technology to assist communication, support pupil learning and assist educationalists in delivering a vibrant and stimulating curriculum.

We support these aims, values and development priorities by means of rigorous self-evaluation and a consequent Academy Improvement Plan. The Academy's Improvement Plan is reviewed frequently by Directors and Members.

Public Benefit

The trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Calthorpe Academy is the maintenance and development of education provided by the School, to the young people of Birmingham. Additionally we offer community access to the public at weekends and in the evenings in a variety of areas largely connected with sport.

The Academy Trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Overview

Calthorpe Academy is an all age Special School, located on the periphery of Birmingham City Centre. The academy caters for children aged from 2 to 19 years of age with severe, profound and complex learning difficulties. In addition, many have specific sensory, medical, behavioural and autistic spectrum conditions.

Trustees' Report (continued)

- 376 pupils are on role as this report goes to print (November 2016).
- 100% of pupils have a statement of educational need/Education, Health & Care Plan;
- 49% have SLD; 33% have ASC; 18% have PMLD as their primary need;
20 pupils receive 1:1 LA funded support from September 2016; this is decrease from 14-15.
- Additionally 23 pupils are 'Looked After'.

Pupils are admitted from all areas across the City as well as some out of authority. Approximately a third of the school's population coming from as far away as 10 kilometres. Birmingham is ranked the third most deprived City and our pupils reflect the diverse range of socio-economic backgrounds within Birmingham and the surrounding areas. It is significant that 50% of our pupils come from the most deprived areas of the City.

Pupil Profile	
Number on roll (2015-16)	
Total pupils	376
Gender M/F	271 105
% Pupils in receipt of Pupil Premium	
Calthorpe FSM	57
LAC	6
Forces/Other	0%
% Pupils from minority groups	
BANGLADESHI	3.99
INDIAN	3.99
OTHER PAKISTANI	44.68
OTHER ASIAN	3.19
OTHER BLACK AFRICAN	6.12
CARIBBEAN	2.13
SOMALI	8.24
OTHER MIXED BACKGROUND	2.13
OTHER ETHNIC GROUP	6.67
YEMENI	3.19
BRITISH	14.63
OTHER WHITE	1.04

Trustees' Report (continued)

Richard Chapman became Principal of Calthorpe Academy in January 2016. In collaboration with the Academy's Senior Leadership team, he quickly identified areas for development including poor practice regarding governance and safeguarding, including safer recruitment processes. As a result of this inadequate practice, Calthorpe Academy was placed into Special Measures following an April 2016 Ofsted Inspection.

Following the inspection, the Academy has made progress in all of Ofsted's key recommendations (Ofsted monitoring report, November 2016); and made significant levels of progress in some, including safeguarding. The previous Board of Trustees and Local Governors resigned after the inspection and have subsequently been replaced with a newly established Board of Directors and Members. The Academy has invested over £200,000 in improving its indoor and outdoor learning environment that was widely criticised during the inspection; this includes a £160,000 investment into a new EYFS/Primary playground.

Calthorpe Academy will be unveiling a new Vocational Centre for Post-16 learners in January 2017. The centre will accommodate approximately 60 learners and is designed to deliver a bespoke Vocational Curriculum to help better prepare our children and young people for adulthood and the World of Work; thus helping to achieve local and national targets in relation to young people with LDD in employment. It is envisaged that many of the young people who access this provision will go on to access other Post-19 provisions, GFE or directly access other employment opportunities.

Pupil Progress

Pupils' progress is good at Calthorpe Academy no matter what their primary need, socio-economic background or starting point:

EYFS – Pupils Progress

Subjects overview	PSE	PD	C&L	Numeracy	Literacy	UOW	EAD
% of Achieved	78	72	78	78	72	72	83
% of not achieved	22	28	22	22	28	28	17

The EYFS areas of learning are:

C&L: communication and language

PD: physical development

PSE: personal, social and emotional development

Literacy or English

Numeracy or Mathematics

UOW: understanding the world

EAD: expressive arts and design

Trustees' Report (continued)

School age (Year 1 to Year 11) – Pupils Progress

<i>ENGLISH</i>	<i>Above expected</i>	<i>Expected</i>	<i>Below expected</i>
KS1 > KS2	33.3%	61.1%	5.6%
KS2 > KS3	33.3%	38.1%	28.6%
KS3 > KS4	44.4%	29.6%	25.9%

<i>Maths</i>	<i>Above expected</i>	<i>Expected</i>	<i>Below expected</i>
KS1 > KS2	50.0%	44.4%	5.6%
KS2 > KS3	47.6%	28.6%	23.8%
KS3 > KS4	63.0%	25.9%	11.1%

<i>Science</i>	<i>Above expected</i>	<i>Expected</i>	<i>Below expected</i>
KS1 > KS2	38.9%	50.0%	11.1%
KS2 > KS3	19.0%	57.1%	23.8%
KS3 > KS4	11.1%	70.4%	18.5%

16 to 19 years old – Pupils Progress

Subjects	Achieved		Not Achieved	
	Number of learners	%	Number of learners	%
Context for communication	13	86.67	2	13.33
Reading	56	88.89	7	11.11
Writing	55	87.30	8	12.70
Speaking & Listening	50	79.37	13	20.63
Context for Numbers	70	94.59	4	5.41
Measure Space & Shapes	54	85.71	9	14.29
Data handling	54	84.38	10	15.63

Judgements on progress are made in relation to the pupils' attainment on entry; initial assessment is recorded in B-Squared and measured through P/M Scales and NC/Entry Levels. All of our children and learners have statements of Special Educational Needs or an Educational Health & Care Plan.

Trustees' Report (continued)

Local Context

The Local Authority need for SEN school placements is above our school capacity and is a growing concern for the region as a whole. It is envisaged that by 2018, the demand for SEN placements will have outgrown the available supply across the Birmingham region. SENAR (Special Educational Needs Assessment & Review Team) have acknowledged that the EFA (Education Funding Agency) have intimated that they will not consider commissioning additional SEN places within Birmingham. There continues to be a significant number of children with SEN without a school placement across the local authority.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Trustees are nonetheless extremely concerned about the lack of clarity / uncertainty facing the academy in terms of LA Funding and pupil numbers which, at the time of this report, remain to be confirmed by the LA.

Financial Review/Key Performance Indicators

The Academy budget for the year ended 31st August 2016 was set with a contingency of £930,534. During the year to 31st August 2016, a Post 16 new build has been under construction. Unfortunately there have been various issues which have increased the final cost of the project. These additional costs have had to come from revenue funding. The final costs of construction will be incurred during 2016/17 (except for the Contractor retention). The projected overspend will diminish significantly the Academy's cash reserves and contingency.

LA Pupil funding for the period April to August 2016 has not yet been confirmed by Birmingham City Council (despite repeated requests) as this report goes to print. The LA work on April to March financial years and appear to struggle with producing data mid-year. Consequently LA Grant funding (Note 3), is based upon the most recent financial data received from the LA (February 2016). This creates some uncertainty about the precision of this element of funding.

The academy was subject to an Ofsted inspection in April 2016 which placed the academy into the Special Measures category. This outcome has plunged the academy into a significant degree of uncertainty, having previously been rated Outstanding over 5 previous inspections. One outcome of the inspection is that a cap of 385 pupils has been placed upon the academy. Up to that point, the academy had been planning to increase numbers in the relatively short term to 450 (our recently revised and published pupil capacity). Therefore, some anticipated funding for 2015/16 did not materialise, as the budget was set with an expectation of a significant in year pupil increase. Future years funding will also be less than forecast as the capacity of 450 pupils, which was the expected roll once the new Post 16 build opens, will now be capped at 385 for the foreseeable future (currently 376 – November 2016). This unanticipated and significant change will require careful management as the academy's cost base is increasing against a backdrop of at best, flat income prediction.

Trustees' Report (continued)

The Ofsted outcome triggered the resignation of the entire board of trustees (with the exception of the new Principal) and imposition of a new board of trustees who have been put together in conjunction with the DfE/EFA. An investigation has also been called to establish the extent of any potential malpractice in relation to previous school leadership, which has been identified as having had significant flaws.

While it is Academy policy to aim to maintain a reserve level of between 5% and 10% of annual income, this now looks to be a huge and unlikely target for the short to medium term.

We are presently reviewing staffing levels against the change to predicted pupil numbers on roll and will continue with a program of natural wastage wherever possible, especially in relation to Teaching Staffing which has been identified as having been too generous. Conversely, non-teaching class staff have been identified as being too few in number, particularly in certain departments/classes. Consequently there is likely to be some offsetting of the savings generated on teaching staffing, to the employment of more non-teaching class staff.

86% (2015: 79%) of the academy's income for the year ending 31st August 2016 was generated through delegated High Needs pupil funding via the DfE and LA Top-up funding. 14% (2015:21%) came from other sources. Other ratios/measures of interest include teaching staff costs as a percentage of GAG/High Needs funding at 42% (2015: 44%) and non-teaching staff costs as a percentage of GAG/High Needs funding at 38% (2015: 39%), excluding LGPS deficit and increased LGPS contributions since academy conversion.

Expenditure for the period covered by this report was covered by the GAG received from the DfE, Local Authority Top up funding and other income, such as voluntary income, Insurance Claims and staff recharges. The stated academy operating surplus includes in excess of £1M committed for the completion of the 16-19 new build which is scheduled to open in January 2017. This building has again been subject to delay and should originally have been open in early 2015/16. Consequently the stated surplus viewed in isolation gives an incomplete picture.

The trustees are concerned with the very large (and growing) deficit that the Local Government Pension Fund is reporting (See Note 23 of the Financial Statements). Revised assumptions made under FRS 102 have nearly doubled the previously estimated LGPS deficit from £5.177M to £10.061M. The revised repayments from April 2017 could potentially increase the academy LGPS employer contribution rates up from around 20% to nearly 30%, based upon this prediction.

The budget set for 2016/17 was produced with a predicted in-year deficit of £267,275, which leaves a predicted 2016/17 year end surplus of just £27,725. The academy management implemented a significant cost cutting plan toward the end of 2015/16. This had a positive impact on the final 2015/16 outturn and will also reduce the teaching staffing overhead for 2016/17. The academy also managed to obtain Capital funding support from the Local Authority at the end of 2015/16, which will help offset some of the capital overspend committed on the Post 16 building.

2016/17 is likely to be a highly volatile year financially for the academy, as we manage the impact of funding losses as pupil numbers have fallen (as opposed to previously anticipated increases), open our new Post-16 facility without the anticipated additional place number revenue funding and also attempt to respond to some of the shortcomings highlighted by Ofsted regarding the quality of our facilities. Many of the identified issues can only be resolved with financial investment and this comes at a time when the academy has record low financial resource to address them. Adding in the uncertainty about a possibly huge hike in LGPS deficit contributions from April 2017, our ability to generate a desired level of reserves is severely limited.

Trustees' Report (continued)

The Academy policy on investment remains cautious, with any surplus cash (as identified through cash-flow management), invested on deposit with the new Academy bankers for fixed term returns. We consulted with an investment manager during 2015/16 to explore whether better safe returns could be obtained on funds held. It is our intention to explore this further with the new trustees during 2016/17. As stated previously however, this coincides with a significant reduction in available funds to invest.

Reserves Policy

The trustees Finance Committee believe that reserves should provide sufficient working capital to cover delays between spending and receipt of grants and also allow for unexpected situations such as urgent maintenance work. The trustees would ideally aim to maintain reserves of 7.5% of delegated funding as an appropriate contingency against unknown but likely reduced future funding settlements. Income has been flat (at best) for several years against unavoidable rising employer staff costs and other inflationary cost pressures.

As at 31 August 2016 the academy had reserves/funds carried forward of £3.133M, of which £1.650M (18% of GA) were expendable reserves consisting of cash and other reserves of the academy trust, which are available for the academy to fulfil its objects. The majority of these reserves are committed to completion of the new 16-19 Building and other capital commitments straddling the financial year end. Consequently the reserve figure is overstated. The majority of our reserves have been generated from predecessor school funds and these genuine reserves are diminishing.

Under Accounting Standard FRS102 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for non-teaching staff to a specific restricted reserve. As at 31 August 2016 the deficit on this reserve amounted to £10.061M. It is anticipated that repayments required to reflect the increased deficit could well place significant financial strain on the academy.

Investment Policy

The investment policy during the past 12 months has been based upon short term treasury deposits (3 months to one year), which have been made based upon cash flow projections. The academy trust, was subject to an entire change to its trustee body during the 2015/16 financial year and will be looking at more effective options for investment during 2016/17.

Trustees' Report (continued)

Principal Risks & Uncertainties

The academy trust produced a Risk Register and evaluated its principal risks and uncertainties in 2015/16. The major risks identified to be present are:-

- Failure to maintain an adequate Ofsted rating.
- Funding reduction as a result of below inflation funding settlements and loss of Education Services Grant (ESG) and LA Exceptional Special Needs (ESN) funding. Both of these elements are subject to reduction.
- Threat of illness/infectious disease to our pupil cohort who are by their very nature, subject to their heightened vulnerability.
- Potential loss of key staff.
- Financial failure/Failure to meet predicted/planned pupil numbers.
- Failure to meet required pupil progress targets.
- Health and Safety compliance failure /protection of pupils (and staff).
- Flood/Fire/Terrorism or other peril.
- Failure to safeguard academy assets.

In April 2016, the academy underwent an Ofsted inspection which was connected to allegations regarding previous management personnel. The academy received a Special Measures rating, which was significantly related to failures in historic safeguarding practices. This outcome led to a complete change in the academy trustee body and sparked a thorough investigation into historic practices, but also a review to ensure that current practices were robust and compliant.

One of the outcomes of the Ofsted judgement was the placement of an immediate block on the placement of any new students at the academy, as it was felt that the school is overcrowded. The Local Authority (who commission places at the academy) have confirmed that they will not be placing any additional pupils at Calthorpe. We have requested, but we are as yet unsure how far the LA intend/anticipate our numbers to fall.

This situation clearly presents the greatest principle risk to the academy and we are seeking clarity in terms of forecast future pupil numbers in order to inform forward projections, but this year's events have changed the short term prospects for the academy quite dramatically.

The academy management team are focused on getting the school out of Special Measures and are believed to have the capacity to achieve this. A new and high quality group of skilled trustees are also certain to assist in this respect. Our initial Ofsted monitoring inspection visit has been held and there is certainly a recognition that, while there is much to be done, the current Academy management and trustees have reacted extremely well to the situation and made a very good start towards our aim of achieving at least a Good Ofsted rating within 2 years.

Plans for Future Periods

Our primary focus for 2016/17 is to ensure that the Academy successfully achieves all of the Ofsted recommendations derived from the April 2016 inspection; thus enabling the academy to be removed from Special Measures and ultimately achieve a grade of 'good' (target for 2017/18):

Trustees' Report (continued)

Ensure that all aspects of safeguarding are effective by:

- clarifying the extent to which staff appointments have followed safer recruitment procedures and taking swift action where any issues come to light
- carrying out a full scrutiny of child protection case files to ensure that action has always been taken where necessary
- fully embedding the new processes for recording and acting on child protection concerns
- making sure that all staff have received the safeguarding training they need, that this is fully and accurately recorded, and that staff consistently put this training into action

Improve behaviour and personal development, including at lunchtimes by:

- establishing a clear and consistent approach to communication, including any use of signing, symbols, pictures and communication strategies using technology
- ensuring that all staff, including lunchtime supervisors, only use any form of physical intervention with pupils where it is absolutely necessary
- explaining to pupils, where physical prompts are needed, the reasons for this
- allowing pupils to manage their own behaviour with as much independence as possible and teaching them strategies to do so when needed
- linking records and analysis of different aspects of behaviour in order to establish causes of challenging behaviour and any patterns that exist
- extending the opportunities that pupils with complex needs have to socialise with their peers of the same age.

Improve the leadership of teaching and learning and thereby their quality by:

- ensuring that, at all key stages and for all groups of pupils, the curriculum is relevant and suitable
- ensuring that leaders at all levels lead by example by consistently teaching well and demonstrating and developing best practice for all groups of pupils.
- accurately identifying where weaknesses in teaching lie and ensuring that these are quickly eradicated.
- establishing where strengths lie in different aspects of teaching and ensuring that this good practice is spread.
- enabling staff, including subject leaders and heads of department, to see good and outstanding practice in other schools in order to consider how to improve practice at Calthorpe
- improving the resources to support pupils' learning, particularly for those with the most complex needs and those with autistic spectrum disorder
- ensuring that staffing in each class is allocated according to the needs of the pupils

Trustees' Report (continued)

- developing a properly resourced outdoor learning area for children in the early years foundation stage and;
- ensuring that this is used well to promote pupils' progress.

Ensure that leaders and managers, including governors, monitor and evaluate thoroughly all aspects of the school's work, in particular:

- safeguarding
- the appropriate use of resources including deployment of staff
- the management of finances
- value for money, including whether the way in which money is spent assists pupils with different needs to have equal opportunities to succeed.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustee's report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 15th December 2016 and signed on the board's behalf by:

Stewart Sherman
Chair of Trustees

15th December 2016

Trustees' Report (continued)

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Calthorpe Teaching Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than to 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 Head Teacher, 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 Calthorpe Teaching Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The Board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
N Rashid (Chair)	5	5
Brian Brinson	4	5
S.Hobbs (Principal)	4	4
R.Chapman (Principal)	3	3
L.Pearcey	2	2
D.Pawlowski	2	2
P.Smart	2	2
S.Sherman (Chair)	2	2
G.Tyler	2	2

The Governing body changed in its entirety on 18th July 2016 with the resignation of existing trustees, who were replaced by a new board on the same day (with the exception of the Principal who remained in post as a trustee).

Having a completely new Governing body towards the end of the financial year, we shall be undertaking a self-evaluation process during the coming year with a skills audit to identify the strengths of Governance and also to evaluate areas for development.

The finance committee is a sub-committee of the main board of trustees and local governing body members. Its purpose is to:

Trustees' Report (continued)

- Approve a budget and recommend it to the full board of trustees.
- Monitor the finances of the academy trust, including regular review of budgetary control reports.
- Receive and review of external enhanced assurance testing reports.
- Review resource management of the academy trust.
- Review premises and health & safety matters of the academy trust.

Attendance at the meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Nargis Rashid	2	2
Brian Brinson	2	2
Sabrina Hobbs (Principal)	1	2
Richard Chapman (Principal)	1	2

Review of Value for Money

As accounting officer the Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available and appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:-

- Commencing a detailed review of our curriculum and related staffing requirement in order to ensure that staff resource is focused in the area of greatest need in order to provide the best possible education for our young people. This has involved re-directing a significant amount of funding away from teachers (through natural wastage) and commencing the increase in classroom support staff, based more upon the specific need of the pupils in each department/class. This plan has and will continue to ensure that we gain the best possible value for money for pupils.
- Using funds to invest in behavior management advice, guidance and tools which enhance the experience of our young people while at school and ensure that they are always treated with the utmost respect and most appropriate level of care possible at all times.
- Re-purposing the use of three new classrooms from within existing facilities in order to provide better teaching accommodation for our pupils.
- Upgrading our Catering facilities and employing Catering staff directly (terminating a contract with external caterers), in order to take control of, and improve the quality of meals and lunchtime provision for pupils.
- Creating a high quality outdoor learning playground for our primary age pupils which will dramatically improve their learning and outdoor experiences.

Trustees' Report (continued)

Disabled persons

The policy that has been applied in the year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

The policy that has been applied in the year for continuing the employment of, and arranging appropriate training for, employees who have become disabled during their period of employment.

The policy that has been applied in the year otherwise for the training, career development and promotion of disabled persons

The Purpose of the System and 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 Calthorpe Teaching Academy Trust from 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 period from 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy trust's system of internal financial control is based upon 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:

Trustees' Report (continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- 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 a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Moore Stephens, the external auditor, to perform additional checks. The reviewer's 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 monthly payroll and related procedures
- Checking of purchasing procedures
- Ensuring income is correctly accounted for
- Checking bank reconciliations
- Review of control accounts
- Reimbursed expenses

On a termly basis, the reviewer produces reports for the board of trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reviewer was appointed during 2015/16 following the failure of the previous reviewer to give enough assurance that their testing/reporting was of a sufficiently robust nature. When challenged, the previous reviewer failed to communicate appropriately with the trust and as a consequence Moore Stephens were appointed mid-year. As a result, only one termly report was produced during the year.

Review of Effectiveness

As Accounting Officer, the Head Teacher 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 reviewer.
- the work of the external auditor.
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Trustees' Report (continued)

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

Approved by order of the members of the board of trustees on 15th December 2016 and signed on its behalf by:

(Signed)

(Signed)

Stewart Sherman
Trustee

Richard Chapman
Head Teacher & Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer of Calthorpe Teaching Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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 the EFA.

(Signed)

Richard Chapman

Accounting Officer

15th December 2016

Trustees' Report (continued)

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 15th December 2016 and signed on its behalf by:

[Signed]

Stewart Sherman
Trustee

Independent Auditor's Report to the Members of Calthorpe Teaching Academy Trust

We have audited the financial statements of Calthorpe Teaching Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the School's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

NICHOLAS SIMKINS (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP (Statutory Auditor)
Chartered Accountants and Statutory Auditor
Birmingham

Date:

Independent Reporting Accountant's Assurance Report on Regularity to Calthorpe Teaching Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26th June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Calthorpe Teaching Academy Trust during the period 1 September 2015 to 31 August 2016 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 Calthorpe Teaching Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Calthorpe Teaching Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Calthorpe Teaching Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF (CALTHORPE TEACHING ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Calthorpe Teaching Academy Trust's funding agreement with the Secretary of State for Education dated 27 August 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens
Chartered Accountants
Birmingham

Chartered Accountants and Registered Auditor
35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 15th December 2016

**Statement of Financial Activities for the year ended 31 August 2016
(including Income and Expenditure Account)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and Capital grants	2	9	-	1,017	1,026	18
Inherited Assets on Conversion		-	-	-	-	6,699
Charitable activities:						
Funding for the academy trust's Educational operations	3	-	8,915	-	8,915	8,376
Other trading activities	4	50	-	-	50	43
Investments	5	27	-	-	27	-
Other income	6	344	-	-	344	656
Total		430	8,915	1,017	10,362	15,792
Expenditure on:						
Charitable Activities:						
Academy trust educational operations	7	361	8,833	594	9,788	8,532
Total		361	8,833	594	9,788	8,532
Net income/(expenditure)		69	82	423	574	7,260
Actuarial (losses)/ gains on defined benefit pension schemes	23	-	(4,473)	-	(4,473)	(228)
Net movement in funds		69	(4,391)	423	(3,899)	7,032
Reconciliation of funds						
Total funds brought forward		1,871	(4,571)	9,732	7,032	-
Total funds carried forward		1,940	(8,962)	10,155	3,133	7,032

There is no other comprehensive income in both 2016 and 2015.

**Statement of Financial Activities for the year ended 31 August 2016
(including Income and Expenditure Account) – Comparative information**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Income and endowments from:					
Donations and Capital grants	2	2	-	16	18
Transfer from Local Authority on conversion		1,222	(4,789)	10,266	6,699
Charitable activities:					
Funding for the academy trust's Educational operations	3	-	8,376	-	8,376
Other trading activities	4	43	-	-	43
Other income	6	656	-	-	656
Total		1,923	3,587	10,282	15,792
Expenditure on:					
Charitable Activities:					
Academy trust educational operations	7	52	7,930	550	8,532
Total		52	7,930	550	8,532
Net income/(expenditure)		1,871	(4,343)	9,732	7,260
Actuarial (losses)/ gains on defined benefit pension schemes	23	-	(228)	-	(228)
Net movement in funds		1,871	(4,571)	9,732	7,032
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		1,871	(4,571)	9,732	7,032

There is no other comprehensive income in 2015.

CALTHORPE TEACHING ACADEMY TRUST

Balance Sheet as at 31 August 2016

Company Number 09064864

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	12		11,327		10,192
Current assets					
Debtors	13	1,484		669	
Cash at bank and in hand		1,150		1,987	
		2,634		2,656	
Liabilities					
Creditors: Amounts falling due within one year	14	(767)		(639)	
Net current assets			1,867		2,017
Total assets less current liabilities			13,194		12,209
Net assets excluding pension liability			13,194		12,209
Defined benefit Pension scheme liability	23		(10,061)		(5,177)
Total net assets			3,133		7,032
Funds of the academy trust:					
Restricted Funds					
Fixed asset fund(s)	15		10,155		9,732
Restricted income fund	15		1,099		606
Pension Reserve	15		(10,061)		(5,177)
Total restricted funds			1,193		5,161
Unrestricted income funds	15		1,940		1,871
Total Funds			3,133		7,032

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 29 to 55 were approved by the Trustees, and authorised for issue on 15th December 2016 and are signed on their behalf by:

Signed

Stewart Sherman
Trustee

Statement of Cash Flows for the year ended 31 August 2016

		2016	2015
Cash flows from operating activities	Notes	£000	£000
Net cash provided by (used in) operating activities	18	(121)	1,226
Cash flows from investing activities	20	(716)	(461)
Cash flows from financing activities	19	-	1,222
Change in cash and cash equivalents in the reporting period		(837)	1,987
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2015		1,987	-
Cash and Cash equivalents at 31 August 2016	21	1,150	1,987
		<hr/>	<hr/>

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

Calthorpe Teaching Academy Trust is a private company limited by guarantee, incorporated in England and registered in England and Wales, its company registration number is 09064864. The company's registered office is Darwin Street, Highgate, Birmingham, B12 0TP. The company's governing documents are its memorandum and articles of association. The company is an exempt charity.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. The Academy transitioned from previously extant UK GAAP to FRS 102 as at 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25. The Academy Trust's previous financial statements, relating to the period ended 31 August 2015 were prepared under the previous financial reporting framework.

Certain comparative amounts have been re-stated or re-classified to conform to the current year presentation. The format of the SOFA has been changed from that in the financial statements for the year ended 31 August 2015 to ensure compliance with FRS 102 and the revised Academies Accounts Directive published by the EFA.

The financial statements are presented for the Academy as a single entity. The financial statements are presented in Sterling (£), rounded to the nearest round thousand. The accounts have been prepared under applicable charity and company law of England and Wales.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

The trustees are aware of the additional revenue costs required from academy surplus funds, in order to complete the new Post 16 building. They have commenced a program of cost savings, specifically relating to teaching staffing costs. The trustees have also been able to negotiate some additional capital funding in order to offset some of the cost of the Post 16 Centre building overspend.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 14.

Income

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

• **Grants receivable**

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

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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

• **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

• **Donations**

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

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

- **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.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the 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 relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold Buildings	5% - 10%
Long Lease Land	0.8%
Fixtures, fittings and equipment	20%
Plant and Machinery	10%
ICT equipment	20%
Motor Vehicles	20%

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

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

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

Pensions Benefits

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

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. As stated in Note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. 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 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 scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as 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 the 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 obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The 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 pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

In terms of depreciation of assets, it is the academies policy is to depreciate each asset over their expected useful economic life. This calculation is subject to assumption and general principles which will impact on the value the balance sheet and annually charged depreciation.

The Local Authority Top up funding is based upon a real time calculation. The Local Authority provide data twice a year detailing the specific pupils and their associated funding levels. As this data is only provided retrospectively, there is an element of estimation placed upon the actual LA grant funding amounts present in the financial statements.

Notes to the Financial Statements for the Year Ended 31 August 2016

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital Grants	-	1,017	1,017	16
Donations	9	-	9	2
	<u>9</u>	<u>1,017</u>	<u>1,026</u>	<u>18</u>

3. Funding for Academy trust's Educational operations

	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants			
General Annual Grant (GAG)	3,850	3,850	4,104
Other DfE/EFA Grants	603	603	401
	<u>4,453</u>	<u>4,453</u>	<u>4,505</u>
Other Government grants			
Local Authority grants	4,411	4,411	3,827
Special educational projects	34	34	29
	<u>4,445</u>	<u>4,445</u>	<u>3,856</u>
Non Government grants			
-Erasmus Project	17	17	15
	<u>8,915</u>	<u>8,915</u>	<u>8,376</u>

Notes to the Financial Statements for the Year Ended 31 August 2016

4. Other trading activities

	Unrestricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	24	24	22
Consultancy / training courses	11	11	21
Other trading activities	14	14	-
Sale of school uniform and equipment	1	1	-
	50	50	43

5. Investment income

	Unrestricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	12	12	-
Loan interest	15	15	-
	27	27	-

6. Other Income

	Unrestricted Funds £000	Total 2016 £000	Total 2015 £000
Other income	46	46	61
Recharges to Calthorpe Vocational Trust and other institutions	298	298	595
	344	344	656

Notes to the Financial Statements for the Year Ended 31 August 2016

7. Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other Costs £000	Total 2016 £000	Total 2015 £000
Academy's educational operations					
-Direct costs	6,731	603	279	7,613	4,468
-Allocated Support Costs	1,386	477	312	2,175	4,064
	8,117	1,080	591	9,788	8,532

Net income/(expenditure) for the period includes:	2016 £000	2015 £000
Operating lease rentals	3	2
Depreciation	625	550
Fees payable to auditor for:		
– Audit	11	10
– Other services	2	2

Notes to the Financial Statements for the Year Ended 31 August 2016

8. Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct costs - educational operations	7,613	4,468
Support costs – educational operations	2,175	4,064
	9,788	8,532

Analysis of direct costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Teaching and Educational Support staff costs	74	6,657	6,731	3,650
Depreciation	54	549	603	522
Educational consultancy	-	70	70	53
Educational supplies	-	151	151	165
Educational visits	-	56	56	-
Examination fees	-	1	1	8
Other direct costs	-	1	1	70
	128	7,485	7,613	4,468

Analysis of support costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Support staff costs	221	965	1,186	3,395
Staff training and development	-	179	179	-
Recruitment	-	21	21	-
Depreciation	-	38	38	28
Maintenance of premises & equipment	-	220	220	187
Heat & Light	-	84	84	94
Cleaning	-	93	93	63
Rent, Rates & Water	-	20	20	26
Insurance	-	22	22	39
Security and transport	-	19	19	50
Travel & Subsistence	-	8	8	-
Catering	-	104	104	130
Other support costs	7	77	84	40
Interest	1	-	1	-
Hospitality	4	-	4	-
Legal, professional & consultancy	-	79	79	-
Governance costs	-	13	13	12
Total support costs	233	1,942	2,175	4,064

Notes to the Financial Statements for the Year Ended 31 August 2016

9. Staff

a. Staff costs

Staff costs during the period were:

	Total 2016	Total
	£000	2015
		£000
Wages and salaries	5,859	5,592
Social security costs	447	380
Operating costs of defined benefit pension schemes	1,354	916
	7,660	6,888
Supply staff costs	258	157
	7,918	7,045

b. Staff numbers

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

	2016	2015
	No.	No.
Teachers	70	82
Administration and support	223	198
Management	8	8
	301	288

c. Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	4	2
£70,001 - £80,000	1	0
£110,001 - £120,000	0	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £537,701 (2015: £564,191).

Notes to the Financial Statements for the Year Ended 31 August 2016

10. Related Party Transactions – Trustees’ Remuneration and Expenses

The Trust’s constitution permits it to pay staff Trustees for their services as staff.

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits was as follows:-

S Hobbs (Acting Principal and trustee)

Remuneration £30,001-£35,000 (2015 : £nil)

Employer’s pension contributions paid - £5,001 - £10,000 (2015 : £nil)

R.Chapman (Principal and trustee)

Remuneration £70,001-£75,000 (2015: £nil)

Employers pension contributions paid – £10,001-£15,000 (2015 : £nil)

During the period ended 31 August 2016, travel and subsistence expenses totaling £780 were re-imbursed or paid directly to 3 trustees. (2015: £376 to 1 trustee)

Please note: both of the above individuals were only employed for part of the year.

Other related party transactions involving trustees are set out in note 24.

11. Trustees’ and Officers’ Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £203 (2015 : £1750)

The cost of this insurance is included in the total insurance costs.

Notes to the Financial Statements for the Year Ended 31 August 2016

12. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
Cost					
As at 1 September 2015	9,996	270	431	45	10,742
Additions	1,482	225	23	30	1,760
At 31 August 2016	11,478	495	454	75	12,502
Depreciation					
As at 1 September 2015	403	55	83	9	550
Charged in year	421	99	90	15	625
At 31 August 2016	824	154	173	24	1,175
Net book values					
At 31 August 2015	9,593	215	348	36	10,192
At 31 August 2016	10,654	341	281	51	11,327

- The Academy trust utilises the Land and buildings originally occupied by the predecessor school. The commercial effect of this arrangement is that there is a peppercorn rent, hence no cost to the academy.
- This arrangement arose via transfer at conversion on 1st September 2014.
- The Legal owner of the property is Birmingham City Council and the lease on it runs for 125 years.
- The resultant Impact on the financial statements is that the Leasehold land and building are held on the company balance sheet and depreciated over their useful economic life.

13. Debtors

	2016 £000	2015 £000
Trade debtors	457	324
VAT recoverable	505	74
Other debtors	202	219
Prepayments & Accrued income	320	52
	1,484	669

The other debtors balance relates to a long term loan to Calthorpe Vocational Trust. Calthorpe Vocational Trust are required to pay at least £32,000 a year. Interest is being charged on the loan at 1% above the HSBC Bank base rate. During 2016 a repayment of £32,000 was made and interest of £14,797 was charged.

Notes to the Financial Statements for the Year Ended 31 August 2016

14. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	468	176
Other taxation and social security	-	79
Other Creditors	181	357
Accruals and deferred income	118	27
	767	639

The academy trust distributes 16-19 year olds bursary funding as an agent for the DfE. In the accounting period ending 31 August 2016 the trust received £17,686 and disbursed £11,947 from the fund. An amount of £5,739 is included in other creditors relating to undistributed funds that is repayable to EFA.

Deferred Income

	2016	2015
	£000	£000
Deferred income at 1 September 2015	8	-
Released from previous years	(8)	-
Resources deferred in the year	4	8
Deferred Income at 31 August 2016	4	8

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals. This was a provisional payment in relation to 2016/17.

Notes to the Financial Statements for the Year Ended 31 August 2016

15. Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	-	3,850	(3,850)	-	-
Pupil Premium	-	195	(195)	-	-
Other restricted	606	4,870	(4,377)	-	1,099
Pension reserve	(5,177)	-	(411)	(4,473)	(10,061)
	(4,571)	8,915	(8,833)	(4,473)	(8,962)
Restricted fixed asset funds					
Transfer on conversion	9,716	-	(594)	-	9,122
DfE/EFA capital Grants	16	17	-	-	33
Capital grant from Local	-	918	-	-	918
Donation of fixed assets	-	82	-	-	82
	9,732	1,017	(594)	-	10,155
Total restricted funds	5,161	9,932	(9,427)	(4,473)	1,193
Total unrestricted funds	1,871	430	(361)	-	1,940
Total funds	7,032	10,362	(9,788)	(4,473)	3,133

The deficit on the pension reserve has arisen as a result of actuarial valuation of the LGPS. Deficit reduction payments are being made (and will be increased with effect from April 2017).

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

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016.

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

Local Authority funding for High Needs/Exceptional Special need carried forward will be spent on educational operations during 2016/17. Some of these funds will be spent on the completion of the Post 16 Centre build.

A significant proportion of the unrestricted reserve figure will be spent on completion of the Post 16 Centre build during 2016/17 (scheduled completion December 2016).

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2016.

Notes to the Financial Statements for the Year Ended 31 August 2016

16. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	1,172	10,155	11,327
Current assets	1,940	694	-	2,634
Current liabilities	-	(767)	-	(767)
Pension scheme liability	-	(10,061)	-	(10,061)
Total net assets	<u>1,940</u>	<u>(8,962)</u>	<u>10,155</u>	<u>3,133</u>

17. Commitments under operating leases

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within 1 year	1	1
Amounts due between one and five years	-	1
Amounts due after five years	-	-
	<u>1</u>	<u>2</u>

Notes to the Financial Statements for the Year Ended 31 August 2016

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£000	£000
Net Income/(expenditure) for the reporting period (as per the statement of financial	574	7,260
Adjusted for:		
Depreciation (note 7)	625	550
Capital grants from DfE and other capital income	(1,017)	(16)
Transfer of land and buildings on conversion	-	(9,724)
Transfer of other assets on conversion	-	(542)
Transfer of cash on conversion	-	(1,222)
Interest receivable (note 5)	(27)	-
Defined benefit pension scheme obligation inherited	-	4,789
Defined benefit pension scheme cost less contributions payable (note 23)	411	161
(Increase)/decrease in debtors	(815)	(669)
Increase/(decrease) in creditors	128	639
Net cash provided by/(used in) operating activities	(121)	1,226

19. Cash flows from financing activities

	2016	2015
	£000	£000
Cash on conversion	-	1,222
Net cash provided by / (used in) financing activities	-	1,222

20. Cash flows from investing activities

	2016	2015
	£000	£000
Dividends, interest and rents from investments	27	-
Purchase of tangible fixed assets	(1,678)	(477)
Capital grants from DfE/EFA	17	16
Capital funding received from sponsors and others	918	-
Net cash provided by/(used in) investing activities	(716)	(461)

Notes to the Financial Statements for the Year Ended 31 August 2016

21. Analysis of cash and cash equivalents

	At 31 August 2016	At 31 August 2015
	£000	£000
Cash in hand and at bank	1,150	1,987
Total cash and cash equivalents	1,150	1,987

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. Pensions 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 West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

- There is insufficient information for the Trust to account for the scheme as if it were a defined benefit scheme.
- The Trust is not liable to the plan for any other entity's contributions to the plan.

Notes to the Financial Statements for the Year Ended 31 August 2016

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £410,514 (2015 : £354,865).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Notes to the Financial Statements for the Year Ended 31 August 2016

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £603,081 (2015: £519,326), of which employer's contributions totalled £463,094 (2015: £400,681) and employees' contributions totalled £139,987 (2015: £118,645). The agreed contribution rates for future years are 16 per cent, plus past service lump sum of £202,422 for the employer and 5.5% to 12.5% per cent (dependent upon full time equivalent salary) for employees.

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

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment / inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis for principal assumptions.

	£000's	£000's	£000's
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	10,936	11,355	11,790
Projected service cost	1,023	1,062	1,103
Adjustment to long term salary increase		No change	1% for next 4 years
Present value of total obligation		11,355	10,563
Projected service cost		1,062	1,048
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	11,738	11,355	10,988
Projected service cost	1,102	1,062	1,023
Adjustments to life expectancy assumptions	+1 Year	None	-1 year
Present value of total obligation	11,645	11,355	11,072
Projected service cost	1,089	1,062	1,036

Notes to the Financial Statements for the Year Ended 31 August 2016

For the adjustment to life expectancy assumption, the assumption is that a member will live a year longer or a year less. For example, under + 1 year the assumption is that a member with a 25 year life expectancy is actually expected to live for 26 years.

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.2
Retiring in 20 years		
Males	25.3	25.6
Females	28.1	28.0

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	767	370
Government bonds	90	46
Other bonds	111	63
Property	103	53
Cash	83	31
Other	140	57
Total market value of assets	1,294	620

The actual return on scheme assets was £167,000 (2015: £14,000).

Amount recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(579)	(462)
Net interest cost	(200)	(191)
Total operating charge	(779)	(653)

Notes to the Financial Statements for the Year Ended 31 August 2016

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

	2016	2015
	£000	£000
At 1 September	(5,797)	(4,789)
Current service cost	(579)	(462)
Interest cost	(235)	(203)
Employee contributions	(139)	(118)
Actuarial (gain)/loss	(4,605)	(225)
At 31 August	(11,355)	(5,797)

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

	2016	2015
	£000	£000
At 1 September	620	-
Interest income	35	12
Return on plan assets (excluding net interest on the net defined pension liability)	132	2
Employer contributions	368	488
Employee contributions	139	118
At 31 August	1,294	620

24. Related Party Transactions

Owing to the nature of the academy trust 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 regulations and normal procurement procedures.

The following related party transactions took place in the period of account.

An item of computer equipment was purchased for £48 from Somerset Road Education Trust, a company that Richard John Chapman is a Director.

A membership fee of £350 was paid to Birmingham Education Partnership, a charitable company that Patricia Mary Smart is a Director and £200 was paid to Birmingham Education Partnership

In respect to the attendance at a conference.

Notes to the Financial Statements for the Year Ended 31 August 2016

25. FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on the opening equity values or the comparative profit or loss shown.

The accounts for the year from 1 September 2015 to 31 August 2016 are the first to be prepared under FRS 102; the accounts for the year ending 31 August 2015 were prepared under the previous financial reporting framework. The effective transition date is therefore 1 September 2014.