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**CALTHORPE TEACHING ACADEMY TRUST**

(A Company Limited by Guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**CONTENTS**

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|   | Page    |
|---|---------|
| <b>Reference and Administrative Details</b>   | 1 - 2   |
| <b>Trustees' Report</b>   | 3 - 16  |
| <b>Governance Statement</b>   | 17 - 20 |
| <b>Statement on Regularity, Propriety and Compliance</b>                              | 21      |
| <b>Statement of Trustees' Responsibilities</b>  | 22      |
| <b>Independent Auditors' Report on the Financial Statements</b>                       | 23 - 25 |
| <b>Independent Reporting Accountant's Assurance Report on Regularity</b>              | 26 - 27 |
| <b>Statement of Financial Activities Incorporating Income and Expenditure Account</b> | 28      |
| <b>Balance Sheet</b>  | 29 - 30 |
| <b>Statement of Cash Flows</b>  | 31      |
| <b>Notes to the Financial Statements</b>  | 32 - 56 |

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

G Tyler (appointed 8 October 2018)  
P Smart  
D Pawlowski-Andrews  
L Taylor

**Trustees**

R Chapman, Principal and Accounting Officer  
S Sherman, Chair  
P Smart  
D Pawlowski-Andrews  
G Tyler  
A Lynch-Pasztor  
P Haggett (appointed 17 January 2018)  
H Mohamed (appointed 1 June 2018)

**Company registered number**

09064864

**Company name**

Calthorpe Teaching Academy Trust

**Principal and registered office**

Darwin Street  
Highgate  
Birmingham  
B12 0TP

**Senior management team**

R Chapman, Principal  
C Bennett, Deputy Headteacher  
M Meghalsi, Deputy Headteacher  
A Miles, Strategic Business Manager  
C McCartney, Assistant Headteacher  
G Nicholls, Assistant Headteacher  
A Zaman, Assistant Headteacher

**Independent auditors**

Moore Stephens LLP  
Chartered Accountants and Statutory Auditor  
35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Bankers**

Lloyds  
114-116 Colmore Row  
Birmingham  
B3 3SF

**Solicitors**

Brown Jacobson LLP  
44 Castle Gate  
Nottingham  
NG1 7BJ

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their Annual Report together with the financial statements and auditor's report of the Charitable Company for the year ended 1 September 2017 to 31 August 2018. The Annual Report serves the purposes 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 384 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 1.

**MEMBERS' LIABILITY**

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

**TRUSTEES' INDEMNITIES**

The Trustees benefit from indemnity insurance purchased by the Academy Trust to cover the liability of the Trustees arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The limit of this indemnity is £5,000,000.

**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 Trust 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 2018 and who served during the year are listed on page 1.

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.

Where recruitment of new Trustees is required, the Academy advertises this on its website and via letters home to parents. The Academy Trustees and members also use their extensive networks in order to obtain applications for potential specific new Trustee positions.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 each 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 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 full trustee body meets on a monthly basis. As Calthorpe Teaching Academy Trust is presently an empty MAT (Multi-Academy Trust), the local Governing body structure is not currently in place. As the Trust is now looking seriously at the opportunity for expansion, the trustees are implementing a committee structure to improve the efficiency of our Governance and ensure that we are set up appropriately for MAT growth.

During the course of the 2017/18 year, the full Trustee body formally met 8 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, three 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.

**PAY POLICY FOR 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.

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**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**TRADE UNION FACILITY TIME**

**Relevant union officials**

|   |   |
|---|---|
| Number of employees who were relevant union officials during the year | 1 |
| Full-time equivalent employee number                                  | 1 |

**Percentage of time spent on facility time**

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | 1                   |
| 1%-50%             | -                   |
| 51%-99%            | -                   |
| 100%               | -                   |

| Percentage of pay bill spent on facility time       | £000  |
|---|-------|
| Total cost of facility time                         | -     |
| Total pay bill                                      | 6,829 |
| Percentage of total pay bill spent on facility time | - %   |

**Paid trade union activities**

|   |     |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - % |
|---|-----|

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Calthorpe Teaching Academy Trust works closely with Heart of Birmingham Vocational College, an ESFA funded 19-25 Centre, providing employment and self-assisted living educational opportunities to young people with Special Needs. A loan has been provided to Heart of Birmingham Vocational College (which has been made at favourable commercial rates of interest), and is due to be repaid annually on 1 September. At the year end an amount of £86,675 is outstanding. A member of Calthorpe Teaching Academy Trust's Leadership team is also one of the Directors of Heart of Birmingham Vocational College.

**Objectives and Activities**

**OBJECTIVES 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 specifically 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 objective through Calthorpe Teaching Academy.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

**Aims:**

- Meet the needs and aspirations as detailed in the learners Education, Health & Care Plans/Statement of Needs.
- Challenge and inspire students to gain the highest standards in a well resourced and personalised learning environment.
- Encourage and inspire students to develop lively enquiring minds, enjoy learning and develop independent creative ideas to achieve their highest aspirations.
- Provide an educational environment that uses new technology as a mechanism to support learning, aid communication and raise standards.
- Ensure that self-evaluation and reflection is an ingrained aspect of practice for all staff and students.
- Encourage and prepare students and staff to become active healthy citizens of the Academy and the wider world.
- 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.
- 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.



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**CALTHORPE TEACHING ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Our Development Priorities:**

- Ensure that all mandatory safeguarding policies and procedures are met; including safer recruitment and embedding safeguarding into the curriculum.
- Continue to develop and improve the learning environment, both indoor and outdoor.
- To continue to develop the Board of Directors/Members through ongoing 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 expected or better than expected progress.
- Ensure that the curriculum offer is diverse, personalised and enriched to meet the needs and aspirations of our learners; particularly those learners with most complex needs.
- To further establish a highly effective Post-16 Vocational Centre to ensure that the curriculum can better prepare our young people for adulthood and the world of work.
- Continue to develop methods of assessment to ensure the effective monitoring of progress and prediction of outcomes.
- Further develop the use of technology to assist communication and sensory impairment, 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.

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.

- 384 pupils are on role as this report goes to print (October 2018).
- As of 15 September 2018 65 Learners have a Behaviour Support Plan (BSP).
- 100% of students have a statement or Education Healthcare Plan (EHCP) and 20% are wheelchair users.
- 46% of students have Severe Learning Difficulties (SLD).
- 15% of students have Physical and Mental Learning Difficulty (PMLD).
- 39% of students have Autism Spectrum Disorder (ASD) combined with SLD.

Pupils are admitted from all areas across the City as well as some out of authority. Approximately a third of the school's population are 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 60% of our pupils come from the most deprived areas of the City.

CALTHORPE TEACHING ACADEMY TRUST  
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018

| Pupil Profile                        |                     |                      |
|--------------------------------------|---------------------|----------------------|
| Number on roll (2017-18)             |                     |                      |
| Total pupils                         | 384                 |                      |
| Gender M/F                           | Male: 285<br>74.48% | Female: 98<br>25.52% |
| % Pupils in receipt of Pupil Premium |                     |                      |
| Calthorpe FSM                        | 89                  |                      |
| LAC                                  | 18                  |                      |
| Forces/Other                         | 0%                  |                      |
| % Pupils from minority groups        |                     |                      |
| ABAN                                 | 5.47                |                      |
| AIND                                 | 3.13                |                      |
| AKPA                                 | 1.3                 |                      |
| AMPK                                 | 1.3                 |                      |
| AOPK                                 | 41.15               |                      |
| AOTA                                 | 2.86                |                      |
| BAOF                                 | 7.03                |                      |
| BCRB                                 | 1.56                |                      |
| BEUR                                 | 0.26                |                      |
| BGHA                                 | 0.26                |                      |
| BOTB                                 | 3.13                |                      |
| BOTH                                 | 0.52                |                      |
| BSOM                                 | 6.51                |                      |
| MABL                                 | 0.26                |                      |
| MOTM                                 | 3.91                |                      |
| MWBA                                 | 0.26                |                      |
| MWBC                                 | 1.82                |                      |
| MWOE                                 | 0.26                |                      |
| OAFG                                 | 0.52                |                      |
| OARA                                 | 0.78                |                      |
| OIRN                                 | 0.26                |                      |
| OIRQ                                 | 0.52                |                      |
| OKRD                                 | 0.26                |                      |
| OLAM                                 | 0.26                |                      |
| OOEG                                 | 1.04                |                      |
| OVIE                                 | 0.26                |                      |
| OYEM                                 | 2.6                 |                      |
| REFU                                 | 0.26                |                      |
| WBRI                                 | 10.42               |                      |
| WEEU                                 | 0.26                |                      |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

Following the 2016 inspection and under the new Principal appointed a year earlier, the Academy quickly made progress in all of Ofsted's key recommendations (Ofsted report, November 2017); the outcome of this report was that Calthorpe Academy is now a good school with an outstanding leadership. The Academy was subsequently reinstated as a National Support School and the Principal reinstated as a National Leader in Education. Some of the comments from the report describe the quality of Calthorpe Academy's provision: "Since the previous inspection, Calthorpe has been transformed. The school is extremely well led. The principal, ably supported by leaders, has led the school very effectively through a period of rapid change. All aspects of the school are now good and are improving week by week. The school's work with parents is developing well. Parents are much better informed about their children's education than they have been. Leaders are committed to extending this work to include all parents. The board of directors has been instrumental in enabling and supporting all the positive changes that have taken place in the school over the last 18 months."

Calthorpe Academy opened its new Vocational Centre for Post-16 learners during 2017. The centre accommodates approximately 60 learners and is designed to deliver a bespoke Vocational and Independence 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. Many of the young people who have accessed this provision have now gone 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:

| Judgement                |    | Requirements for Judgement |                     |                    |
|--------------------------|----|----------------------------|---------------------|--------------------|
|                          |    | Lower Quartile (%)         | Median (middle 50%) | Upper Quartile (%) |
| Outstanding              |    | LQ < 10%                   | Median + UQ > 90%   | UQ ≥ 50%           |
| Good towards Outstanding |    | LQ < 15%                   | Median + UQ > 85%   | UQ ≥ 40%           |
| Good                     |    | LQ < 20%                   | Median + UQ > 80%   | UQ ≥ 30%           |
| Needs Improvement        | OR | LQ > 20%                   | Median + UQ ≥ 80%   | UQ ≥ 25%           |
| Needs Improvement        |    | LQ < 25%                   | Median + UQ ≥ 75%   | UQ < 25%           |
| Inadequate               |    | LQ > 25%                   | OR                  | UQ < 25%           |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

| English / Literacy |          |                |           |
|--------------------|----------|----------------|-----------|
| Overall            |          |                | 61 pupils |
| LQ                 | M        | UQ             | Judgement |
| Below expected     | Expected | Above expected |           |
| 8.2%               | 29.5%    | 62.3%          |           |
| KS2 - year 6       |          |                | 16 pupils |
| LQ                 | M        | UQ             | Judgement |
| Below expected     | Expected | Above expected |           |
| 18.8%              | 0.0%     | 81.3%          |           |
| KS3 - year 9       |          |                | 28 pupils |
| LQ                 | M        | UQ             | Judgement |
| Below expected     | Expected | Above expected |           |
| 3.6%               | 35.7%    | 60.7%          |           |
| KS4 - year 11      |          |                | 17 pupils |
| LQ                 | M        | UQ             | Judgement |
| Below expected     | Expected | Above expected |           |
| 5.9%               | 47.1%    | 47.1%          |           |

| Pupil Premium       |          |                |           |           |
|---------------------|----------|----------------|-----------|-----------|
| LQ                  | M        | UQ             | Judgement |           |
| Below expected      | Expected | Above expected |           |           |
| PP                  | 8.9%     | 28.9%          | 62.2%     | 45 pupils |
| Non PP              | 6.3%     | 31.3%          | 62.5%     | 16 pupils |
| Free School Meal    |          |                |           |           |
| LQ                  | M        | UQ             | Judgement |           |
| Below expected      | Expected | Above expected |           |           |
| FSM                 | 12.1%    | 24.2%          | 63.6%     | 33 pupils |
| Non FSM             | 3.6%     | 35.7%          | 60.7%     | 28 pupils |
| Gender              |          |                |           |           |
| LQ                  | M        | UQ             | Judgement |           |
| Below expected      | Expected | Above expected |           |           |
| Girls               | 5.3%     | 26.3%          | 68.4%     | 19 pupils |
| Boys                | 9.5%     | 31.0%          | 59.5%     | 42 pupils |
| Look After Children |          |                |           |           |
| LQ                  | M        | UQ             | Judgement |           |
| Below expected      | Expected | Above expected |           |           |
| LAC                 | 0.0%     | 40.0%          | 60.0%     | 5 pupils  |
| Non LAC             | 8.9%     | 28.6%          | 62.5%     | 56 pupils |



CALTHORPE TEACHING ACADEMY TRUST  
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018

| Maths / Numeracy |          |                |           |
|------------------|----------|----------------|-----------|
| Overall          |          |                | 61 pupils |
| LQ               | M        | UQ             | Judgement |
| Below expected   | Expected | Above expected |           |
| 0.0%             | 27.9%    | 72.1%          |           |
| KS2 - year 6     |          |                | 16 pupils |
| LQ               | M        | UQ             | Judgement |
| Below expected   | Expected | Above expected |           |
| 0.0%             | 25.0%    | 75.0%          |           |
| KS3 - year 9     |          |                | 28 pupils |
| LQ               | M        | UQ             | Judgement |
| Below expected   | Expected | Above expected |           |
| 0.0%             | 17.9%    | 82.1%          |           |
| KS4 - year 11    |          |                | 17 pupils |
| LQ               | M        | UQ             | Judgement |
| Below expected   | Expected | Above expected |           |
| 0.0%             | 47.1%    | 52.9%          |           |

| Pupil Premium  |          |                |           |           |
|----------------|----------|----------------|-----------|-----------|
| LQ             | M        | UQ             | Judgement |           |
| Below expected | Expected | Above expected |           |           |
| PP             | 0.0%     | 26.7%          | 73.3%     | 45 pupils |
| Non PP         | 0.0%     | 31.3%          | 68.8%     | 16 pupils |

| Free School Meal |          |                |           |           |
|------------------|----------|----------------|-----------|-----------|
| LQ               | M        | UQ             | Judgement |           |
| Below expected   | Expected | Above expected |           |           |
| FSM              | 0.0%     | 24.2%          | 75.8%     | 33 pupils |
| Non FSM          | 0.0%     | 32.1%          | 67.9%     | 28 pupils |

| Gender         |          |                |           |           |
|----------------|----------|----------------|-----------|-----------|
| LQ             | M        | UQ             | Judgement |           |
| Below expected | Expected | Above expected |           |           |
| Girls          | 0.0%     | 26.3%          | 73.7%     | 19 pupils |
| Boys           | 0.0%     | 28.6%          | 71.4%     | 42 pupils |

| Look After Children |          |                |           |           |
|---------------------|----------|----------------|-----------|-----------|
| LQ                  | M        | UQ             | Judgement |           |
| Below expected      | Expected | Above expected |           |           |
| LAC                 | 0.0%     | 20.0%          | 80.0%     | 5 pupils  |
| Non LAC             | 0.0%     | 28.6%          | 71.4%     | 56 pupils |

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**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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.

**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 2019, 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 ESFA (Education & Skills 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. This scenario has led to many complex young people being educated outside of the local authority at great cost.

**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 Accounting Policies.

**FINANCIAL REVIEW / KEY PERFORMANCE INDICATORS**

The Academy budget for the year ended 31 August 2018 was set in June 2017 with a projected contingency of £488K (having had a forecast revenue carry forward from 2016/17 of £467K). The final audited accounts for 2017/18 resulted in an actual revenue carry forward of £879K. The academy therefore managed to deliver a better than predicted outcome, partially owing to a continued programme of natural wastage which management commenced during the Summer of 2016, but also as a result of cost savings, particularly in terms of restricted reserves, which mean that much of the restricted reserves of £235K will be carried forward and spent during the 2018/19 financial year.

LA Top-up income in the year was higher than projected, as recent 1.5% annual funding reductions unexpectedly ceased and threatened LA ESN funding reductions have not materialised. 2018/19's budget has been set with a projected £332K in year revenue deficit, which will be funded from accumulated reserves. The deficit is almost entirely due to staff salary increases. With a £7.3M annual staff salary bill, only partially funded national Teachers pay settlements of between 1.5% to 3.5%, completely unfunded national non-Teaching staff pay settlements (2% to 9%) and incremental increases, it is clear that staff cost overhead has a significant impact on a special school such as ours, which has an unavoidably high staff to pupil ratio.

During the year the academy successfully completed the work on phase one of our roof replacement work which was funded via the Condition Improvement Fund (CIF) from the DfE in 2016/17 and we were also successful with a 2017/18 bid for Boiler replacement funding. This project will be completed during 2018/19.

The Academy is now close to full with a current number on roll of 384. Having experienced a number of years of reducing annual per pupil funding, we continue to prepare for a challenging financial landscape. Hopefully the spending review and effect of the National Funding Formula (NFF) which indicates that a very significant uplift in High Needs funding is due within our LA, will deliver a much needed and long overdue increase.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Key Performance Indicators**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
| Delegated High Needs funding % of total income          | 92%         | 94%         |
| Other funding % of total income                         | 8%          | 6%          |
| Teaching staff costs as % of GAG/High Needs funding     | 36%         | 39%         |
| Non-Teaching staff costs as % of GAG/High Needs funding | 48%         | 46%         |
| Total staff costs as % of GAG/High Needs funding        | 84%         | 85%         |

The reduction in 2017/18 teaching staff costs is down to the full year effect of teaching staff reductions implemented through natural wastage during the previous financial year.

Expenditure for the period covered by this report was covered by the GAG received from the ESFA, Local Authority Top up funding and other income, such as voluntary income and staff recharges.

The trustees remain concerned with the large deficit that the Local Government Pension Fund is reporting (See Note 26 of the Financial Statements). Although the most recent actuarial valuation made under FRS 102 has reduced slightly to £5.786M, the volatility of these extreme fluctuations in the valuations creates for very uncertain deficit repayment predictions. Repayments for the next three years will be confirmed during 2018/19.

**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 ideally aim to maintain cash reserves of 7.5% of delegated funding as an appropriate contingency against unknown future funding settlements. In 2017/18 therefore the ideal cash reserve would have been £640K.

As at 31 August 2018 the academy had total funds carried forward of £7.190M (2017: £7.080M), of which £879K (2017: £599K) were reserves consisting of cash and other reserves of the academy trust. The majority of our reserves have been generated from predecessor school funds. Some £250K of the current reserves level is committed to projects straddling the year end, hence the total reserve level at year end is consequently over inflated.

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 2018 the deficit on this reserve amounted to £5.786M (2017: £6.174M). While this reserve has reduced since 2016/17. It is anticipated that repayments required to reflect the deficit could continue to place significant financial pressure on academy finances.

**INVESTMENT POLICY**

The investment policy during the past 12 months continues to have been based upon considering short term treasury deposits (3 months to one year), which would be made based upon cash flow projections. The requirement to avoid any significant risk with academy cash means that at present, the investment policy remains limited.

Future cash flow projections suggest a further reduction in investment opportunity as predicted in-year deficits diminish the amount of cash to available to invest.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The Academy Trust currently identifies its principal risks and uncertainties as follows:

- 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 potential reduction in LA Exceptional Special Needs (ESN) funding. Both of these elements are subject to a potential reduction.
- Threat of illness/infectious disease to our pupil cohort who are by their very nature, subject to 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.
- GDPR breach.

As a result of our most recent Ofsted inspection of June 2017, the academy was found to be Good in every aspect of judgement and as Outstanding in terms of its Leadership and Management. This was a significant achievement in less than 18 months, having received an Unsatisfactory Ofsted rating in early 2016, as a result of specific safeguarding concerns which were unearthed by the incoming headteacher and his team regarding previous practice.

The 2017 Ofsted outcome has significantly reduced one of our main identified risks. The main risk the academy now faces is that surrounding the financial landscape. Our actual funding is and has been reducing for several years. With employer costs for Pension and NIC increasing coupled with progression and nationally agreed inflation increments, the additional annual costs to our £7M payroll bill are excessive. While the Government has stated that it will fund part of the 2018 inflation pay award for teaching staff and that it will fund additional contributions to Teachers pensions increases in the first year (which commences September 2019), this still leaves a large amount of money to be found from diminishing school reserves.

We commenced a review of staffing costs and a program of natural wastage in 2016, which has contributed savings of nearly £1M in the actual teacher annual salary bill. Sadly this has been offset significantly by the requirement to increase non-teaching headcount in order to ensure the safety and wellbeing of our young people.

Further measures are required and are under consideration in order to ensure that our academy remains financially viable long term. We anticipate that the 2019/20 year will be extremely challenging in terms of setting a balanced budget, assuming funding levels remain as they are.

**Fundraising**

During the year the academy utilised the services of a professional fundraiser, who's responsibility was to source and apply for grants from official grant making trusts/organisations. All bids submitted were prepared in accordance with the guidelines of the grant making trust. Otherwise the academy did not engage in any other types of formal fundraising.



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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **FUTURE DEVELOPMENTS**

Our primary focus for 2017/18 is to ensure that the Academy successfully builds on the achievements from its successful OFSTED inspection undertaken in November 2017. Following the academy's withdrawal from 'Special Measures' and subsequently graded 'Good' (Overall Effectiveness) and 'Outstanding' (Leadership & Management), the academy has been reinstated as a National Support School and the Principal is now recognised as a National Leader in Education.

### **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 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.
- 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.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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.

**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

The Trustees' Report was approved by order of the board of Trustees, as the company directors, on 5 December 2018 and signed on its behalf by:



**S Sherman**  
**Chair of Trustees**

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**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 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 8 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 |
|----------------------|-------------------|-------------------|
| R Chapman, Principal | 7                 | 8                 |
| S Sherman, Chair     | 7                 | 8                 |
| P Smart              | 7                 | 8                 |
| D Pawlowski-Andrews  | 8                 | 8                 |
| G Tyler              | 4                 | 8                 |
| A Lynch-Pasztor      | 3                 | 8                 |
| P Haggett            | 2                 | 5                 |
| H Mohamed            | 1                 | 1                 |

Being a completely new Governing body, their self-evaluation process is ongoing and they are taking care to identify gaps and direct recruitment to specified areas of need.

As the current board remains small (despite focus on recruitment), they have not yet created any sub-committees. Consequently, the monthly meeting of the board currently covers all aspects of Academy Governance (including Finance). Consequently the Full board meetings have included the following responsibilities:

- Receive and approve the budget.
- 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.

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Head Teacher has responsibility for ensuring that the Academy 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 Academy'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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Identifying the fact that the community facility lettings were not covering the full cost of operations and therefore, regretfully taking the decision to close them at the end of the 2017/18 financial year.
- Investing in a Sensory room to allow students a more appropriate educational experience which better meets their needs. Also investment has been made in new gym equipment which allows students to access fitness facilities which are more appropriate to their ability. This has been possible by change of use of sports facilities, which were previously more geared to able bodied community users.
- Two successful bids for funding during the year resulted in a fully funded Woodland Walk to be provided/installed, giving our young people access to new and interesting sensory experiences. Also a successful bid to the Variety club resulted in delivery of a new accessible minibus for the academy which allows more pupils to access our aim to increase outdoor learning experiences. This can also now be done without incurring the cost of external transport providers.
- Further upgrading our classrooms in terms of decoration and equipment in order to enhance the learning experience of our students.
- Successfully obtaining CIF funding from the ESFA in order to help replace our life expired boilers, thereby ensuring that the academy trust does not have to close owing to failure (as had been the case) and that the use of energy is more effective.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 for the year 1 September 2017 to 31 August 2018 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 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the governing body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board 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 LLP, the external auditors, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy'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 an annual basis, the external auditors report to 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 has produced reports based on their termly testing undertaken during 2017/18.

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of their reviews of the system of internal control by the governing body 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 5 December 2018 and signed on their behalf, by:



**S Sherman**  
Chair of Trustees



**R Chapman**  
Accounting Officer

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Calthorpe Teaching Academy Trust I have considered my responsibility to notify the academy trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



**R Chapman**  
**Accounting Officer**

Date: 5 December 2018

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees (who 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 issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 5 December 2018 and signed on its behalf by:



**S Sherman**  
**Chair of Trustees**



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**CALTHORPE TEACHING ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CALTHORPE TEACHING ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Calthorpe Teaching Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**CALTHORPE TEACHING ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CALTHORPE TEACHING ACADEMY TRUST**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

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**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
CALTHORPE TEACHING ACADEMY TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins FCA (Senior Statutory Auditor)

for and on behalf of

**Moore Stephens LLP**

Chartered Accountants and Statutory Auditor

35 Calthorpe Road

Edgbaston

Birmingham

B15 1TS

Date:

12/12/2018

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
CALTHORPE TEACHING ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 26 June 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Calthorpe Teaching Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Calthorpe Teaching Academy Trust and the ESFA 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Calthorpe Teaching Academy Trust and the ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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**CALTHORPE TEACHING ACADEMY TRUST**  
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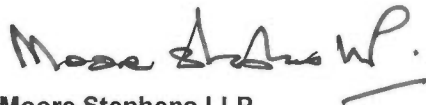
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO  
CALTHORPE TEACHING ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**  
(continued)

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**CONCLUSION**

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



**Moore Stephens LLP**

Chartered Accountants and Statutory Auditor

35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

Date: 12/12/2018

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

|  | Note | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| <b>INCOME FROM:</b>  |      |                                       |                                     |  |                                |                                |
| Donations and capital grants   | 2    | 2                                     | -                                   | 264  | 266                            | 900                            |
| Charitable activities  | 3    | 7                                     | 8,533                               | -  | 8,540                          | 8,344                          |
| Other trading activities   | 4    | 58                                    | -                                   | -  | 58                             | 83                             |
| Investments  | 5    | 15                                    | -                                   | -  | 15                             | 10                             |
| Other income   | 6    | 42                                    | -                                   | -  | 42                             | 160                            |
| <b>TOTAL INCOME</b>  |      | <b>124</b>                            | <b>8,533</b>                        | <b>264</b>   | <b>8,921</b>                   | <b>9,497</b>                   |
| <b>EXPENDITURE ON:</b>   |      |                                       |                                     |  |                                |                                |
| Charitable activities  |      | 79                                    | 8,840                               | 908  | 9,827                          | 10,258                         |
| <b>TOTAL EXPENDITURE</b>   | 7    | <b>79</b>                             | <b>8,840</b>                        | <b>908</b>   | <b>9,827</b>                   | <b>10,258</b>                  |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>                         |      |                                       |                                     |  |                                |                                |
| Transfers between Funds  | 21   | 45                                    | (307)                               | (644)  | (906)                          | (761)                          |
|  |      | -                                     | (136)                               | 136  | -                              | -                              |
| <b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      |                                       |                                     |  |                                |                                |
|  |      | <b>45</b>                             | <b>(443)</b>                        | <b>(508)</b>                                       | <b>(906)</b>                   | <b>(761)</b>                   |
| Actuarial gains on defined benefit pension schemes                         | 26   | -                                     | 1,016                               | -  | 1,016                          | 4,708                          |
| <b>NET MOVEMENT IN FUNDS</b>   |      | <b>45</b>                             | <b>573</b>                          | <b>(508)</b>                                       | <b>110</b>                     | <b>3,947</b>                   |
| <b>RECONCILIATION OF FUNDS:</b>  |      |                                       |                                     |  |                                |                                |
| Total funds brought forward  |      | 599                                   | (6,124)                             | 12,605   | 7,080                          | 3,133                          |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |      | <b>644</b>                            | <b>(5,551)</b>                      | <b>12,097</b>                                      | <b>7,190</b>                   | <b>7,080</b>                   |

The notes on pages 32 to 56 form part of these financial statements.

**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 09064864**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

|  | Note | £000           | 2018<br>£000        | £000           | 2017<br>£000        |
|--|------|----------------|---------------------|----------------|---------------------|
| <b>FIXED ASSETS</b>  |      |                |                     |                |                     |
| Tangible assets  | 15   |                | 12,045              |                | 12,353              |
| <b>CURRENT ASSETS</b>  |      |                |                     |                |                     |
| Debtors  | 16   | 436            |                     | 601            |                     |
| Investments  | 17   | 550            |                     | -              |                     |
| Cash at bank and in hand                                       |      | 228            |                     | 1,161          |                     |
|  |      | <u>1,214</u>   |                     | <u>1,762</u>   |                     |
| <b>CREDITORS: due within one year</b>                          | 18   | <u>(220)</u>   |                     | <u>(861)</u>   |                     |
| <b>NET CURRENT ASSETS</b>                                      |      |                | <u>994</u>          |                | <u>901</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                | <u>13,039</u>       |                | <u>13,254</u>       |
| <b>CREDITORS: amounts falling due after more than one year</b> | 19   |                | <u>(63)</u>         |                | <u>-</u>            |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>         |      |                | <u>12,976</u>       |                | <u>13,254</u>       |
| Defined benefit pension scheme liability                       | 26   |                | <u>(5,786)</u>      |                | <u>(6,174)</u>      |
| <b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>         |      |                | <u><u>7,190</u></u> |                | <u><u>7,080</u></u> |
| <b>FUNDS OF THE ACADEMY</b>                                    |      |                |                     |                |                     |
| Restricted income funds:                                       |      |                |                     |                |                     |
| Restricted income funds  | 21   | 235            |                     | 50             |                     |
| Restricted fixed asset funds                                   | 21   | <u>12,097</u>  |                     | <u>12,605</u>  |                     |
| Restricted income funds excluding pension liability            |      | <u>12,332</u>  |                     | <u>12,655</u>  |                     |
| Pension reserve  |      | <u>(5,786)</u> |                     | <u>(6,174)</u> |                     |
| Total restricted income funds                                  |      |                | <u>6,546</u>        |                | <u>6,481</u>        |
| Unrestricted income funds                                      | 21   |                | <u>644</u>          |                | <u>599</u>          |
| <b>TOTAL FUNDS</b>   |      |                | <u><u>7,190</u></u> |                | <u><u>7,080</u></u> |

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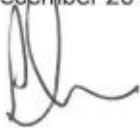
**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2018**

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The financial statements on pages 28 to 56 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



**S Sherman**  
**Chair of Trustees**

The notes on pages 32 to 56 form part of these financial statements.



**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

|  | Note | 2018<br>£000 | 2017<br>£000 |
|--|------|--------------|--------------|
| <b>Cash flows from operating activities</b>            |      |              |              |
| Net cash (used in)/provided by operating activities    | 23   | (71)         | 922          |
| <b>Cash flows from investing activities:</b>           |      |              |              |
| Interest received                                      |      | 15           | 10           |
| Proceeds from the sale of tangible fixed assets        |      | 13           | 22           |
| Purchase of tangible fixed assets                      |      | (612)        | (1,838)      |
| Capital grants from DfE Group                          |      | 200          | 515          |
| Capital funding received from sponsors and others      |      | -            | 380          |
| Cash placed on deposit                                 |      | (550)        | -            |
| <b>Net cash used in investing activities</b>           |      | (934)        | (911)        |
| <b>Cash flows from financing activities:</b>           |      |              |              |
| Salix loan advances                                    |      | 72           | -            |
| <b>Net cash provided by financing activities</b>       |      | 72           | -            |
| <b>Change in cash and cash equivalents in the year</b> |      | (933)        | 11           |
| Cash and cash equivalents brought forward              |      | 1,161        | 1,150        |
| <b>Cash and cash equivalents carried forward</b>       | 24   | 228          | 1,161        |

The notes on pages 32 to 56 form part of these financial statements.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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.

**1.1 Basis of preparation of financial statements**

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Calthorpe Teaching Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Company status**

Calthorpe Teaching Academy Trust is a private Company limited by guarantee, incorporated in England and registered in England and Wales, the company registration number is 09064864. The Company's registered office is Darwin Street, Highgate, Birmingham, B12 0TP.

The functional and presentation currency for the company during the year was sterling and the accounts are rounded to the nearest £1.

**1.3 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 Academy 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.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 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 charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,500 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

|                          |   |                               |
|--------------------------|---|-------------------------------|
| Long-term leasehold land | - | 125 years straight line basis |
| Leasehold property       | - | 5% - 10% straight line basis  |
| Furniture and fixtures   | - | 20% straight line basis       |
| Plant and equipment      | - | 10% straight line basis       |
| Motor vehicles           | - | 20% straight line basis       |
| Computer equipment       | - | 20% straight line basis       |

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 incorporating Income and Expenditure Account.

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

Liabilities and provisions 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 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 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.

**1.12 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.13 Taxation**

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 26, 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 costs 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 incorporating Income and Expenditure Account 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.

**1.15 Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds and vulnerable bursary funds from ESFA. Payments received from ESFA 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 30.

**1.16 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 Department for Education Group.

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.17 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In terms of depreciation of assets, it is the Academy's policy 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 three times a year detailing the specific pupils and their associated funding levels. As this data is only provided retrospectively, there is a small element of estimation placed upon the actual LA grant funding amounts present in the financial statements.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

|                | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|----------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Donations      | 2                                     | 64                                  | 66                             | 5                              |
| Capital Grants | -                                     | 200                                 | 200                            | 895                            |
|                | <u>2</u>                              | <u>264</u>                          | <u>266</u>                     | <u>900</u>                     |
| Total 2017     | <u>5</u>                              | <u>895</u>                          | <u>900</u>                     |                                |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

|                                      | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|--------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <b>DfE/ESFA grants</b>               |                                       |                                     |                                |                                |
| General annual grant                 | -                                     | 3,851                               | 3,851                          | 3,850                          |
| Other DfE/ESFA grants                | -                                     | 136                                 | 136                            | 167                            |
| Pupil premium                        | -                                     | 193                                 | 193                            | 183                            |
|                                      | -                                     | 4,180                               | 4,180                          | 4,200                          |
| <b>Other government grants</b>       |                                       |                                     |                                |                                |
| Local Authority grants               | -                                     | 4,298                               | 4,298                          | 4,092                          |
|                                      | -                                     | 4,298                               | 4,298                          | 4,092                          |
| <b>Other educational income</b>      |                                       |                                     |                                |                                |
| Catering                             | 8                                     | 55                                  | 63                             | 50                             |
| Sale of school uniform and equipment | -                                     | -                                   | -                              | 2                              |
|                                      | 8                                     | 55                                  | 63                             | 52                             |
|                                      | 8                                     | 8,533                               | 8,541                          | 8,344                          |
| <i>Total 2017</i>                    | 2                                     | 8,342                               | 8,344                          |                                |

**4. OTHER TRADING ACTIVITIES**

|                    | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|--------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Hire of facilities | 55                                    | -                                   | 55                             | 78                             |
| Consultancy        | 3                                     | -                                   | 3                              | 5                              |
|                    | 58                                    | -                                   | 58                             | 83                             |
| <i>Total 2017</i>  | 83                                    | -                                   | 83                             |                                |



**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**5. INVESTMENT INCOME**

|                        | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Bank interest received | 2                                     | -                                   | 2                              | 2                              |
| Loan interest          | 13                                    | -                                   | 13                             | 8                              |
|                        | <u>15</u>                             | <u>-</u>                            | <u>15</u>                      | <u>10</u>                      |
| <i>Total 2017</i>      | <u>10</u>                             | <u>-</u>                            | <u>10</u>                      |                                |

**6. OTHER INCOMING RESOURCES**

|   | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 | Total<br>funds<br>2017<br>£000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Recharges to Heart of Birmingham<br>Vocational College and other Institutions | 18                                    | -                                   | 18                             | 100                            |
| Other income  | 24                                    | -                                   | 24                             | 60                             |
|   | <u>42</u>                             | <u>-</u>                            | <u>42</u>                      | <u>160</u>                     |
| <i>Total 2017</i>   | <u>160</u>                            | <u>-</u>                            | <u>160</u>                     |                                |

**7. EXPENDITURE**

|                         | Staff costs<br>2018<br>£000 | Premises<br>2018<br>£000 | Other costs<br>2018<br>£000 | Total<br>2018<br>£000 | Total<br>2017<br>£000 |
|-------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|-----------------------|
| Educational operations: |                             |                          |                             |                       |                       |
| Direct costs            | 5,592                       | 815                      | 351                         | 6,758                 | 7,255                 |
| Support costs           | 2,063                       | 472                      | 534                         | 3,069                 | 3,003                 |
|                         | <u>7,655</u>                | <u>1,287</u>             | <u>885</u>                  | <u>9,827</u>          | <u>10,258</u>         |
| <i>Total 2017</i>       | <u>8,000</u>                | <u>1,280</u>             | <u>974</u>                  | <u>10,254</u>         |                       |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

|                        | Activities<br>undertaken<br>directly<br>2018<br>£000 | Support<br>costs<br>2018<br>£000 | Total<br>2018<br>£000 | Total<br>2017<br>£000 |
|------------------------|--|----------------------------------|-----------------------|-----------------------|
| Educational operations | 6,758  | 3,069                            | 9,827                 | 10,258                |
| <i>Total 2017</i>      | <u>7,255</u>   | <u>3,003</u>                     | <u>10,258</u>         |                       |

**9. SUPPORT COSTS**

|                                       | Educational<br>operations<br>£000 | Total<br>2018<br>£000 | Total<br>2017<br>£000 |
|---------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Pension income                        | 155                               | 155                   | 216                   |
| Technology costs                      | 10                                | 10                    | 2                     |
| Staff development                     | 43                                | 43                    | 51                    |
| Maintenance of premises and equipment | 184                               | 184                   | 271                   |
| Cleaning                              | 91                                | 91                    | 97                    |
| Rent & rates                          | 15                                | 15                    | 13                    |
| Energy costs                          | 82                                | 82                    | 78                    |
| Insurance                             | 74                                | 74                    | 15                    |
| Security and transport                | 6                                 | 6                     | 10                    |
| Catering                              | 101                               | 101                   | 76                    |
| Other support costs                   | 71                                | 71                    | 88                    |
| Auditors remuneration                 | 7                                 | 7                     | 13                    |
| Legal and professional fees           | 53                                | 53                    | 93                    |
| Recruitment costs                     | 12                                | 12                    | 5                     |
| Hospitality                           | 3                                 | 3                     | 4                     |
| Travel and subsistence                | 7                                 | 7                     | 5                     |
| (Profit)/loss on disposal             | (8)                               | (8)                   | (16)                  |
| Wages and salaries                    | 612                               | 612                   | 795                   |
| National insurance                    | 57                                | 57                    | 51                    |
| Pension cost                          | 1,394                             | 1,394                 | 1,257                 |
| Depreciation                          | 100                               | 100                   | 95                    |
|                                       | <u>3,069</u>                      | <u>3,069</u>          | <u>3,219</u>          |
| <i>Total 2017</i>                     | <u>3,003</u>                      | <u>3,003</u>          |                       |

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**10. NET INCOME/(EXPENDITURE)**

This is stated after charging/(crediting):

|   | <b>2018</b>              | <i>2017</i>              |
|---|--------------------------|--------------------------|
|   | <b>£000</b>              | <i>£000</i>              |
| Depreciation of tangible fixed assets:      |                          |                          |
| - owned by the charity                      | <b>915</b>               | <i>806</i>               |
| Auditors' remuneration - audit              | <b>9</b>                 | <i>9</i>                 |
| Auditors' remuneration - other services     | <b>4</b>                 | <i>4</i>                 |
| Operating lease rentals                     | <b>8</b>                 | <i>-</i>                 |
| (Profit) / loss on disposal of fixed assets | <b>(8)</b>               | <i>(16)</i>              |
|   | <u><u>          </u></u> | <u><u>          </u></u> |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Wages and salaries                                 | 5,528        | 5,519        |
| Social security costs                              | 461          | 478          |
| Operating costs of defined benefit pension schemes | 1,476        | 1,602        |
|  | <u>7,465</u> | <u>7,599</u> |
| Agency staff costs                                 | 165          | 401          |
| Staff restructuring costs                          | 25           | -            |
|  | <u>7,655</u> | <u>8,000</u> |

Staff restructuring costs comprise:

|                    |           |          |
|--------------------|-----------|----------|
| Severance payments | <u>25</u> | <u>-</u> |
|--------------------|-----------|----------|

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £24,975. Individually, the payments were: £5,375 made on 24/11/2017, £9,600 made on 31/12/2017 and £10,000 made on 31/03/2018.

**c. Staff numbers**

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

|                            | 2018<br>No. | 2017<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 49          | 50          |
| Administration and support | 225         | 218         |
| Management                 | 6           | 7           |
|                            | <u>280</u>  | <u>275</u>  |

**d. Higher paid staff**

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

|                                 | 2018<br>No. | 2017<br>No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000   | 2           | 3           |
| In the band £70,001 - £80,000   | 1           | 0           |
| In the band £110,001 - £120,000 | 1           | 1           |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**11. STAFF COSTS (continued)**

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £578,207 (2017: £583,640).

**12. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

|                                   |                            | 2018<br>£000 | 2017<br>£000 |
|-----------------------------------|----------------------------|--------------|--------------|
| R Chapman (Principal and Trustee) | Remuneration               | 115-120      | 110-115      |
|                                   | Pension contributions paid | 15-20        | 15-20        |

During the year ended 31 August 2018, two Trustees received reimbursed travel expenses of £828 (2017: £1,051 paid to two Trustees).

Other related parties involving trustees are set out in note 29.

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the insurance scheme and the cost for the year ended 31 August 2018 was £12,655 (2017 - £12,500).

**14. OTHER FINANCE INCOME**

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Interest income on pension scheme assets | 57           | 35           |
| Interest on pension scheme liabilities   | (212)        | (251)        |
|  | <u>(155)</u> | <u>(216)</u> |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**15. TANGIBLE FIXED ASSETS**

|                       | Long-term<br>leasehold<br>property<br>£000 | Motor<br>vehicles<br>£000 | Fixtures and<br>fittings<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|-----------------------|--|---------------------------|----------------------------------|-------------------------------|---------------|
| <b>Cost</b>           |  |                           |                                  |                               |               |
| At 1 September 2017   | 13,034                                     | 65                        | 756                              | 475                           | 14,330        |
| Additions             | 450  | 55                        | 83                               | 24                            | 612           |
| Disposals             | (2)  | -                         | (17)                             | -                             | (19)          |
| At 31 August 2018     | 13,482                                     | 120                       | 822                              | 499                           | 14,923        |
| <b>Depreciation</b>   |  |                           |                                  |                               |               |
| At 1 September 2017   | 1,394                                      | 33                        | 282                              | 268                           | 1,977         |
| Charge for the year   | 624  | 24                        | 167                              | 100                           | 915           |
| On disposals          | -  | -                         | (14)                             | -                             | (14)          |
| At 31 August 2018     | 2,018                                      | 57                        | 435                              | 368                           | 2,878         |
| <b>Net book value</b> |  |                           |                                  |                               |               |
| At 31 August 2018     | 11,464                                     | 63                        | 387                              | 131                           | 12,045        |
| At 31 August 2017     | 11,640                                     | 32                        | 474                              | 207                           | 12,353        |

**16. DEBTORS**

|                                     | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------|--------------|--------------|
| <b>Due after more than one year</b> |              |              |
| Other debtors                       | 55           | 106          |
| <b>Due within one year</b>          |              |              |
| Trade debtors                       | 30           | 39           |
| VAT recoverable                     | 100          | 83           |
| Other debtors                       | 34           | 32           |
| Prepayments and accrued income      | 217          | 341          |
|                                     | 436          | 601          |

The Academy Trust has a loan outstanding from the Heart of Birmingham Vocational College at the year end of £86,675 (2017: £137,797). The interest charged on this loan is at 1% above HSBC bank base rate. The loan is repayable in annual installments of £32,000 per annum.

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**17. CURRENT ASSET INVESTMENTS**

|               | 2018<br>£000 | 2017<br>£000 |
|---------------|--------------|--------------|
| Cash deposits | 550          | -            |

**18. CREDITORS: Amounts falling due within one year**

|                                    | 2018<br>£000 | 2017<br>£000 |
|------------------------------------|--------------|--------------|
| Other loans                        | 9            | -            |
| Trade creditors                    | 88           | 388          |
| Other taxation and social security | -            | 38           |
| Other creditors                    | 3            | 181          |
| Accruals and deferred income       | 120          | 254          |
|                                    | <u>220</u>   | <u>861</u>   |

|                                      | 2018<br>£000 | 2017<br>£000 |
|--------------------------------------|--------------|--------------|
| <b>Deferred income</b>               |              |              |
| Deferred income at 1 September 2017  | 19           | 4            |
| Resources deferred during the year   | 5            | 19           |
| Amounts released from previous years | (19)         | (4)          |
| Deferred income at 31 August 2018    | <u>5</u>     | <u>19</u>    |

At the balance sheet date the Academy Trust was holding funds £5k in advance for Universal Infant Free School Meals.

Other loans represent the amount outstanding from Salix Finance which is provided at 0% interest, repayable in equal instalments over 8 years.

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**19. CREDITORS: Amounts falling due after more than one year**

|             | 2018<br>£000 | 2017<br>£000 |
|-------------|--------------|--------------|
| Other loans | 63           | -            |

Included within the above are amounts falling due as follows:

|                                   | 2018<br>£000 | 2017<br>£000 |
|-----------------------------------|--------------|--------------|
| <b>Between one and two years</b>  |              |              |
| Other loans                       | 9            | -            |
| <b>Between two and five years</b> |              |              |
| Other loans                       | 27           | -            |
| <b>Over five years</b>            |              |              |
| Other loans                       | 27           | -            |

Creditors include amounts not wholly repayable within 5 years as follows:

|                          | 2018<br>£000 | 2017<br>£000 |
|--------------------------|--------------|--------------|
| Repayable by instalments | 27           | -            |

Other loans is from Salix Finance which is provided at 0% repayable in equal instalments over 8 years. The amount listed relates to amounts payable after 2018/19.

**20. FINANCIAL INSTRUMENTS**

|  | 2018<br>£000 | 2017<br>£000 |
|--|--------------|--------------|
| Financial assets measured at fair value through income and expenditure | 778          | 1,161        |
| Financial assets measured at amortised cost                            | 401          | 483          |
|  | <u>1,179</u> | <u>1,644</u> |
| Financial liabilities measured at amortised cost                       | <u>277</u>   | <u>842</u>   |

Financial assets measured at fair value through income and expenditure comprise cash at hand in bank and current asset investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and other taxation and social security.

Financial liabilities measured at amortised cost comprise other loans, trade creditors, other creditors, accruals and other taxation and social security.



**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**21. STATEMENT OF FUNDS**

|                                     | Balance at<br>1<br>September<br>2017<br>£000 | Income<br>£000 | Expenditure<br>£000 | Transfers<br>in/out<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at<br>31 August<br>2018<br>£000 |
|-------------------------------------|--|----------------|---------------------|-----------------------------|----------------------------|---|
| <b>Unrestricted funds</b>           |  |                |                     |                             |                            |   |
| Unrestricted funds                  | 599  | 124            | (79)                | -                           | -                          | 644                                     |
| <b>Restricted funds</b>             |  |                |                     |                             |                            |   |
| General Annual Grant (GAG)          | 50   | 3,851          | (3,901)             | -                           | -                          | -                                       |
| Pupil Premium                       | -  | 193            | (193)               | -                           | -                          | -                                       |
| Other restricted                    | -  | 4,489          | (4,118)             | (136)                       | -                          | 235                                     |
| Pension reserve                     | (6,174)                                      | -              | (628)               | -                           | 1,016                      | (5,786)                                 |
|                                     | <u>(6,124)</u>                               | <u>8,533</u>   | <u>(8,840)</u>      | <u>(136)</u>                | <u>1,016</u>               | <u>(5,551)</u>                          |
| <b>Restricted fixed asset funds</b> |  |                |                     |                             |                            |   |
| Transfer on conversion              | 8,787  | -              | (481)               | -                           | -                          | 8,306                                   |
| DfE/ESFA capital grants             | 542  | 200            | (78)                | -                           | -                          | 664                                     |
| Capital grant from local authority  | 1,232  | -              | (66)                | -                           | -                          | 1,166                                   |
| Donated fixed assets                | 81   | 64             | -                   | -                           | -                          | 145                                     |
| Assets purchased from academy funds | 1,963  | -              | (283)               | 136                         | -                          | 1,816                                   |
|                                     | <u>12,605</u>                                | <u>264</u>     | <u>(908)</u>        | <u>136</u>                  | <u>-</u>                   | <u>12,097</u>                           |
| Total restricted funds              | <u>6,481</u>                                 | <u>8,797</u>   | <u>(9,748)</u>      | <u>-</u>                    | <u>1,016</u>               | <u>6,546</u>                            |
| Total of funds                      | <u>7,080</u>                                 | <u>8,921</u>   | <u>(9,827)</u>      | <u>-</u>                    | <u>1,016</u>               | <u>7,190</u>                            |

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

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 31 August 2018.

Pupil Premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other restricted funds relate to income that has been received for specific reasons.

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**21. STATEMENT OF FUNDS (continued)**

Pension reserve represents the Academies share of the assets and liabilities in the Local Government Pension Scheme (LGPS). As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over the scheme assets which was inherited on conversion to the Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Assets transferred on conversion represents the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

DfE/ESFA capital grants are funds received from the DfE/ESFA for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Capital grants from the Local Authority represent funds received from the Local Authority for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Donated fixed assets represent assets donated to the Academy.

Assets purchased from Academy funds represent funds transfers to purchase tangible fixed assets purchased using restricted or unrestricted funds.

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**21. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

|                                     | <i>Balance at<br/>1 September<br/>2016<br/>£000</i> | <i>Income<br/>£000</i> | <i>Expenditure<br/>£000</i> | <i>Transfers<br/>in/out<br/>£000</i> | <i>Gains/<br/>(Losses)<br/>£000</i> | <i>Balance at<br/>31 August<br/>2017<br/>£000</i> |
|-------------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| <b>General funds</b>                |   |                        |                             |                                      |                                     |   |
| Unrestricted funds                  | 1,940   | 310                    | (222)                       | (1,429)                              | -                                   | 599   |
| <b>Restricted funds</b>             |   |                        |                             |                                      |                                     |   |
| General Annual Grant (GAG)          | -   | 3,850                  | (3,800)                     | -                                    | -                                   | 50  |
| Pupil Premium                       | -   | 190                    | (190)                       | -                                    | -                                   | -   |
| Other restricted                    | 1,099   | 4,252                  | (4,420)                     | (931)                                | -                                   | -   |
| Pension reserve                     | (10,061)  | -                      | (821)                       | -                                    | 4,708                               | (6,174)   |
|                                     | <u>(8,962)</u>                                      | <u>8,292</u>           | <u>(9,231)</u>              | <u>(931)</u>                         | <u>4,708</u>                        | <u>(6,124)</u>                                    |
| <b>Restricted fixed asset funds</b> |   |                        |                             |                                      |                                     |   |
| Transfer on conversion              | 9,122   | -                      | (335)                       | -                                    | -                                   | 8,787   |
| DfE/ESFA capital grants             | 33  | 515                    | (6)                         | -                                    | -                                   | 542   |
| Capital grant from local authority  | 918   | 380                    | (66)                        | -                                    | -                                   | 1,232   |
| Donated fixed assets                | 82  | -                      | (1)                         | -                                    | -                                   | 81  |
| Assets purchased from academy funds | -   | -                      | (397)                       | 2,360                                | -                                   | 1,963   |
|                                     | <u>10,155</u>                                       | <u>895</u>             | <u>(805)</u>                | <u>2,360</u>                         | <u>-</u>                            | <u>12,605</u>                                     |
| Total restricted funds              | <u>1,193</u>  | <u>9,187</u>           | <u>(10,036)</u>             | <u>1,429</u>                         | <u>4,708</u>                        | <u>6,481</u>                                      |
| Total of funds                      | <u>3,133</u>  | <u>9,497</u>           | <u>(10,258)</u>             | <u>-</u>                             | <u>4,708</u>                        | <u>7,080</u>                                      |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

|  | Balance at<br>1<br>September<br>2016<br>£000 | Income<br>£000       | Expenditure<br>£000    | Transfers<br>in/out<br>£000 | Gains/<br>(Losses)<br>£000 | Balance at<br>31 August<br>2018<br>£000 |
|--|--|----------------------|------------------------|-----------------------------|----------------------------|---|
| <b>Unrestricted funds</b>              |  |                      |                        |                             |                            |   |
| Unrestricted funds                     | 1,940  | 434                  | (301)                  | (1,429)                     | -                          | 644                                     |
| <b>Restricted funds</b>                |  |                      |                        |                             |                            |   |
| General Annual Grant<br>(GAG)          | -  | 7,701                | (7,701)                | -                           | -                          | -                                       |
| Pupil Premium                          | -  | 383                  | (383)                  | -                           | -                          | -                                       |
| Other restricted                       | 1,099  | 8,741                | (8,538)                | (1,067)                     | -                          | 235                                     |
| Pension reserve                        | (10,061)                                     | -                    | (1,449)                | -                           | 5,724                      | (5,786)                                 |
|  | <u>(8,962)</u>                               | <u>16,825</u>        | <u>(18,071)</u>        | <u>(1,067)</u>              | <u>5,724</u>               | <u>(5,551)</u>                          |
| <b>Restricted fixed asset funds</b>    |  |                      |                        |                             |                            |   |
| Transfer on conversion                 | 9,122  | -                    | (816)                  | -                           | -                          | 8,306                                   |
| DfE/ESFA capital grants                | 33   | 715                  | (84)                   | -                           | -                          | 664                                     |
| Capital grant from local<br>authority  | 918  | 380                  | (132)                  | -                           | -                          | 1,166                                   |
| Donated fixed assets                   | 82   | 64                   | (1)                    | -                           | -                          | 145                                     |
| Assets purchased from<br>academy funds | -  | -                    | (680)                  | 2,496                       | -                          | 1,816                                   |
|  | <u>10,155</u>                                | <u>1,159</u>         | <u>(1,713)</u>         | <u>2,496</u>                | <u>-</u>                   | <u>12,097</u>                           |
|  | <u>1,193</u>                                 | <u>17,984</u>        | <u>(19,784)</u>        | <u>1,429</u>                | <u>5,724</u>               | <u>6,546</u>                            |
| <b>Total of funds</b>                  | <u><u>3,133</u></u>                          | <u><u>18,418</u></u> | <u><u>(20,085)</u></u> | <u><u>-</u></u>             | <u><u>5,724</u></u>        | <u><u>7,190</u></u>                     |

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

|                                     | Unrestricted<br>funds<br>2018<br>£000 | Restricted<br>funds<br>2018<br>£000 | Restricted<br>fixed asset<br>funds<br>2018<br>£000 | Total<br>funds<br>2018<br>£000 |
|-------------------------------------|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets               | -                                     | -                                   | 12,045   | 12,045                         |
| Debtors due after more than 1 year  | 55                                    | -                                   | -  | 55                             |
| Current assets                      | 589                                   | 420                                 | 149  | 1,158                          |
| Creditors due within one year       | -                                     | (185)                               | (34)   | (219)                          |
| Creditors due in more than one year | -                                     | -                                   | (63)   | (63)                           |
| Pension reserve                     | -                                     | (5,786)                             | -  | (5,786)                        |
|                                     | <u>644</u>                            | <u>(5,551)</u>                      | <u>12,097</u>                                      | <u>7,190</u>                   |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|                                    | Unrestricted<br>funds<br>2017<br>£000 | Restricted<br>funds<br>2017<br>£000 | Restricted<br>fixed asset<br>funds<br>2017<br>£000 | Total<br>funds<br>2017<br>£000 |
|------------------------------------|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets              | -                                     | -                                   | 12,352   | 12,352                         |
| Debtors due after more than 1 year | 106                                   | -                                   | -  | 106                            |
| Current assets                     | 493                                   | 477                                 | 687  | 1,657                          |
| Creditors due within one year      | -                                     | (427)                               | (434)  | (861)                          |
| Pension reserve                    | -                                     | (6,174)                             | -  | (6,174)                        |
|                                    | <u>599</u>                            | <u>(6,124)</u>                      | <u>12,605</u>                                      | <u>7,080</u>                   |

**23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (906)        | (761)        |
| <b>Adjustment for:</b>  |              |              |
| Depreciation charges  | 915          | 806          |
| Interest received   | (15)         | (10)         |
| Profit on the sale of fixed assets                                      | (8)          | (16)         |
| Decrease in debtors   | 165          | 883          |
| (Decrease)/increase in creditors  | (650)        | 94           |
| Capital grants from DfE and other capital income                        | (200)        | (895)        |
| Defined benefit pension scheme cost less contributions payable          | 473          | 605          |
| Defined benefit pension scheme finance cost                             | 155          | 216          |
| <b>Net cash (used in)/provided by operating activities</b>              | <u>(71)</u>  | <u>922</u>   |

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**24. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | 2018<br>£000 | 2017<br>£000 |
|--------------|--------------|--------------|
| Cash in hand | 228          | 1,161        |
| Total        | <u>228</u>   | <u>1,161</u> |

**25. CAPITAL COMMITMENTS**

At 31 August 2018 the Academy had capital commitments as follows:

|   | 2018<br>£000 | 2017<br>£000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | <u>149</u>   | <u>247</u>   |

**26. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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.

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**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**26. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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.
- 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%.

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

The employer's pension costs paid to TPS in the period amounted to £363,187 (2017 - £359,429).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £812,323 (2017 - £639,199), of which employer's contributions totalled £644,740 (2017 - £495,000) and employees' contributions totalled £167,583 (2017 - £144,199). The agreed contribution rates for future years are 16% for employers and 5.5% - 9.9% 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.

The Academy Trust has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels. Additional contributions will be paid for one year and the agreed to contribute is £204,000.

**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**26. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

|  | 2018   | 2017   |
|--|--------|--------|
| Discount rate for scheme liabilities                 | 2.70 % | 2.60 % |
| Rate of increase in salaries                         | 1.00 % | 1.00 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.70 % |

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

|                      | 2018 | 2017 |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 21.9 | 21.8 |
| Females              | 24.4 | 24.3 |
| Retiring in 20 years |      |      |
| Males                | 24.1 | 24.0 |
| Females              | 26.7 | 26.6 |

|  | At 31 August<br>2018<br>£000 | At 31 August<br>2017<br>£000 |
|--|------------------------------|------------------------------|
| <b>Sensitivity analysis</b>            |                              |                              |
| Discount rate +0.1%                    | (235)                        | (224)                        |
| Discount rate -0.1%                    | 242                          | 230                          |
| Mortality assumption - 1 year increase | 271                          | 257                          |
| Mortality assumption - 1 year decrease | (262)                        | (249)                        |

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

|                                     | Fair value at<br>31 August<br>2018<br>£000 | Fair value at<br>31 August<br>2017<br>£000 |
|-------------------------------------|--|--|
| Equities                            | 1,594                                      | 1,202                                      |
| Gilts                               | 181  | 139  |
| Other bonds                         | 93   | 73   |
| Property                            | 204  | 139  |
| Cash and other liquid assets        | 94   | 95   |
| Other                               | 352  | 252  |
| <b>Total market value of assets</b> | <b>2,518</b>                               | <b>1,900</b>                               |

The actual return on scheme assets was £27,000 (2017 - £274,000).



**CALTHORPE TEACHING ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**26. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

|                                | 2018<br>£000      | 2017<br>£000      |
|--------------------------------|-------------------|-------------------|
| Current service cost           | (1,118)           | (1,099)           |
| Interest income                | 57                | 35                |
| Interest cost                  | (212)             | (251)             |
| Admin expenses                 | (1)               | -                 |
|                                | <u>          </u> | <u>          </u> |
| Total                          | (1,274)           | (1,315)           |
|                                | <u>          </u> | <u>          </u> |
| Actual return on scheme assets | 27                | 274               |
|                                | <u>          </u> | <u>          </u> |

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

|                                    | 2018<br>£000      | 2017<br>£000      |
|------------------------------------|-------------------|-------------------|
| Opening defined benefit obligation | 8,074             | 11,355            |
| Current service cost               | 1,118             | 1,099             |
| Interest cost                      | 212               | 251               |
| Employee contributions             | 167               | 144               |
| Actuarial gains                    | (1,046)           | (4,752)           |
| Benefits paid                      | (23)              | (23)              |
|                                    | <u>          </u> | <u>          </u> |
| Closing defined benefit obligation | 8,502             | 8,074             |
|                                    | <u>          </u> | <u>          </u> |

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

|                                     | 2018<br>£000      | 2017<br>£000      |
|-------------------------------------|-------------------|-------------------|
| Opening fair value of scheme assets | 1,900             | 1,294             |
| Interest income                     | 57                | 35                |
| Actuarial gains/(losses)            | (30)              | (44)              |
| Employer contributions              | 645               | 495               |
| Employee contributions              | 167               | 144               |
| Benefits paid                       | (23)              | (23)              |
| Administration expenses             | (1)               | (1)               |
|                                     | <u>          </u> | <u>          </u> |
| Closing fair value of scheme assets | 2,715             | 1,900             |
|                                     | <u>          </u> | <u>          </u> |

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**CALTHORPE TEACHING ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**27. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|                         | 2018<br>£000 | 2017<br>£000 |
|-------------------------|--------------|--------------|
| <b>Amounts payable:</b> |              |              |
| Within 1 year           | 12           | 8            |
| Between 1 and 5 years   | 33           | 11           |
| Total                   | <u>45</u>    | <u>19</u>    |

**28. 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.

**29. 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 have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

During the year amounts of £350 (2017: £638) were paid to Birmingham Education Partnership, a Charitable Company that P Smart, Trustee, is a director.

**30. AGENCY ARRANGEMENTS**

The Academy Trust distributes 16-19 bursary funds and vulnerable bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Trust received £19k and disbursed £13k from these funds. An amount of £12k is included in other creditors relating to undistributed funds that is repayable to ESFA, with £6k of this relating to undistributed funds brought forward from the prior year.