

CIDARI EDUCATION LIMITED

FINANCIAL STATEMENTS

31 AUGUST 2018

(A company limited by guarantee)

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members:

Bishop of Blackburn

Bishop of Burnley

Bishop of Lancaster

Archdeacon of Blackburn

Archdeacon of Lancaster

Chair of DBF

Rt. Rev. Julian Henderson

Rt. Rev. Philip North

Ven. Mark Ireland

Ven. Michael Everitt

Canon John Dell

Trustees:

Chief Executive Office/Accounting Officer

Chairman

Deputy Chairman

Trustee

Trustee

Trustee

Trustee

Trustee

Trustee

Trustee

Peter Ashworth

Ven. Michael Everitt

Graeme Pollard

Carolyn Johnson (resigned 4 October 2017)

Stephen Whittaker

Helen Thomas

Sam Johnson

Angus McLeod

Graham Warnock

Jo Venn (appointed 9 May 2017)

Senior Management Team:

Chief Executive Officer

Head of Operations

Head of Finance

Peter Ashworth (appointed 1 September 2017)

Matthew McIver

Wayne Hope (appointed 1 September 2017)

Principal of St George's School

Principal of St Luke & St Phillip's Primary School

Principal of Darwen St James' CE Primary Academy

Principal of St Barnabas' Primary School

Principal of St Aidan's Primary School

Principal of Baines Endowed Primary School

Principal of Great Marsden St John's Primary School

Principal of Newchurch St Mary's Primary School

Graham Warnock

Samantha O'Connell

Maggie Beck (resigned effective 31 July 2018)

Helen Thomas

Debbie Greenwood (appointed 1 April 2018)

Debi Ruisling (appointed 1 September 2017)

Michaela Underwood

Pauline Nightingale

Company Name:

Cidari Education Limited

Company Secretary:

Ron Matthews

Company registration number:

08822760

Cidari Education Limited
(A company limited by guarantee)

Annual report and financial statements
31 August 2018

REFERENCE AND ADMINISTRATIVE DETAILS *(continued)*

Principal & Registered Office:

Clayton House
Walker Park
Blackburn
Lancashire
BB1 2QE

Independent Auditors:

Armstrong Watson
15 Victoria Place
Carlisle
CA1 1EW

Bankers:

Lloyds Bank plc
Church Street
Blackburn
BB2 1JQ

Solicitors:

Forbes
Greenbank Court
Challenge Way
Greenback Business Park
Blackburn
BB1 5QB

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates seven primary academies for pupils aged 4 to 11 and one secondary academy for pupils aged 11 to 16 in the Diocese of Blackburn, Lancashire. Its academies have a combined pupil capacity of 2,694 and had a roll of 2,486 in the school census on 4 October 2018.

Structure, Governance and Management

Constitution

The multi academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Cidari Education Limited are also the directors of the charitable company for the purposes of company law. That charitable company is known as Cidari Multi 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 Multi Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business and provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Members are responsible for the appointment of Trustees to fill any vacancies amongst the seven foundation trustees. This may be reflected in the appointment of officers, or former officers, of the Diocese or other individuals in the community recognised for their strong faith beliefs but not necessarily within the Church of England.

Provision is also made for two members of staff to serve on the board drawn from amongst the Heads within the trust, one from a secondary academy and one from a primary academy. Such appointments would be considered, following an election process, from amongst their peers, should one be required following the nomination process.

Finally there is provision for the appointment of two members of the Local Governing Committees serving the academies of the trust. Again such appointments would be considered, following an election process, from amongst their peers, should one be required.

Policies and Procedures Adopted for the Induction and Training of Trustees

Training and Induction for Trustees is based on their individual requirements and their level of experience.

The staff and those appointed via the Local Governing Committee will have undergone regular training at network training events run by the Trust.

Foundation Trustees are taken through all necessary processes via the various officers of the trust.

A formal policy and procedure for the future training and induction of new Directors has been developed.

TRUSTEES' REPORT *(continued)*

Organisation Structure

The scheme of delegation developed by the trust in line with the article of association clearly defines the level of delegation and areas of responsibility. This indicates the delegations to Headteachers, Local Governing Bodies, management of the trust and those responsibilities reserved for Directors and Members.

The Chief Executive Officer is the accounting officer of the trust.

The board of directors, having commenced the year meeting on a monthly basis have now drawn up a structure which includes the following Committees:

- Finance and Audit
- Our People; &
- Quality and Standards.

Each Committee has produced and agreed clear Terms of Reference to define their activities.

The Directors are responsible specifically for upholding the Christian Faith, setting general policy, adopting an annual plan and budget, monitoring the academies through the use of their budgets, capital expenditure and senior staff appointments. They also monitor the academic performance of all academies.

The Directors manage the academies at an executive level, whilst the Senior Leadership Teams in each academy implement the policies laid down for them by the Directors. They are also responsible, in line with the scheme of delegation, for the authorisation of spending within agreed budgets and Financial Regulations and the appointment of the majority of staff.

Arrangements for setting pay and remuneration of key management personnel

The Cidari Education Trust follows the Pay and Review Policy which is endorsed annually by the Members with regards to setting of key management personnel pay. Headteacher appraisal / performance management is completed by the Head of Education and the Local Governing Committee. The parallel process for Deputy Head and Assistant Headteachers is completed by the Headteacher and the Local Governing Committee. CEO appraisal is completed by the Chair and Vice Chair of the Trust Board and Central Team staff are appraised by the CEO.

Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO and Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Deputy Head and Assistant Headteachers: After the appraisal / performance management cycle is completed, the recommended (and where appropriate) increase in band is sent to the CEO. This is submitted with evidence of the targets met with guidance from the CEO and Head of Education. Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

Central Team: After the appraisal cycle is completed, the recommended (and where appropriate) increase in band is sent by the CEO to the 'Our People Committee' (or in the case of the CEO, the Chair of the Board). Recommendations are endorsed by the 'Our People Committee' and reported back to the Trust Board.

TRUSTEES' REPORT *(continued)*

Trade Union Facility Time

Relevant union officials:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time spent on facility time	Number of employees
0%	2
1% - 50%	
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£7,947,180
Provide the percentage of total bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period + total paid facility time hours) x 100	0%
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Related Parties and other Connected Charities and Organisations

The Diocese of Blackburn is the main related party to the Trust through the Diocesan Board of Education and the Diocesan Board of Finance.

The members of the trust are the people as identified on page 1. Their involvement in the day to day activities of the trust are confined to those activities and delegations outlined in the scheme of delegation and those contained within the Article of Association.

They are also responsible for holding the Annual General Meeting of the Company, last held on 24 January 2018, within the eighteen month period required by the Articles since the establishment of the Company.

During the year ended 31 August 2018 no academies joined the trust.

TRUSTEES' REPORT *(continued)*

Objectives and Activities

Objects and Aims

The principle activities of the trust are set out in its articles of association and mission statement namely:

- a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:
 - i. Academies other than those designated Church of England, whether with or without a designated religious character,
 - ii. Church of England Academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Blackburn Diocesan Board of Education,

But in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England, and;
- b) Providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of the United Kingdom especially those who have need of such facilities by reason of their youth, age, infirmity, disablement or poverty of social and/or economic circumstances.

The Benefits of joining the Cidari Multi Academy Trust

Under the vision statement of "**Distinctive Academies, Empowered to work together for excellence through shared Christian values**", the board of trustees established the core aims of being a member of Cidari Multi Academy Trust as follows:

Distinctiveness

To recognise, encourage and promote the distinctiveness of our Academies, and empower them to thrive within the communities they serve.

Achievement

To create a culture that fosters academic achievement, nurtures initiative and rewards success.

Christian Ethos

To prepare our pupils for world citizenship both explicitly and implicitly through core Christian values such as responsibility, acceptance, truth and justice, and for these to be reflected in all aspects of the curriculum offered.

Governance and Accountability

To provide strong and robust Governance and systems to ensure compliance and reassurance around areas of risk.

Our People

To become an employer of choice where all colleagues are supported and encouraged to achieve our mutual ambitions in an environment of equality, accountability and reward.

Aspirational

To achieve excellence in all we do by working collaboratively to deliver world class systems and measures to achieve the aspirations of our pupils, colleagues and leaders.

TRUSTEES' REPORT *(continued)*

Safeguarding and Wellbeing

To ensure that our Academies are a safe environment for all who use them with the wellbeing of our pupils and colleagues at the forefront of all we strive to achieve.

Facilities and Resources

To invest in world class facilities by creating key partnerships with industry leaders to deliver end user benefits in buildings, ICT and resources.

Objectives, Strategies and Activities of the Trust

To meet these priorities, the trust has appointed (or seconded) an operational team who have adopted a number of strategies and activities that include:

- Regular Network meetings for Headteachers, Business Managers and Governors;
- Offer central support for recruitment, payroll and financial assistance;
- Encourage sharing of best practice amongst academies;
- Offer support and advice to the Local Governing Bodies and where necessary sourcing additional governors. This included support from a National Leader of Governance;
- Work in partnership with the Blackburn Diocesan Board of Education to develop the Christian distinctiveness of each academy so they can provide an inspirational and holistic education which enables all children and staff to develop and achieve their full potential.

Public Benefit

Trustees have given consideration to the Charity Commissions general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the Multi Academy Trust's objectives are to advance, for the public benefit, education in the United Kingdom.

Strategic Report

Achievements and Performance

The Cidari Multi Academy Trust achievements in 2017 – 2018 include:

- The on-going close working relationship between all academies and the central team to share knowledge and expertise, to seek out best practice and to realise the vision for the trust.
- A close working relationship with the Regional Schools Commissioner and the DfE
- Development of a model membership format for Local Governing Committees
- Development of effective, centralised recruitment processes.

TRUSTEES' REPORT *(continued)*

The performance of Academies in Cidari Multi Academy Trust is shown in the tables below:

Historic performance 2013 to 2016 (Primary Levels and Secondary GCSEs)

Secondary

For 2017 see new performance indicators below

St George's School	2013	2014	2015	2016
GCSE 5A*- C (English & Maths)	48%	47%	51%	53%
National GCSE 5A*- C (English & Maths)	59%	53%	53%	N/A
GCSE 5A*- C	63%	56%	62%	63%
GCSE 5A*- G	99%	99%	99%	99%

Primary

For 2016/17 see new performance indicators below

St Barnabas Primary School (ST B)	2013	2014	2015
RWM Level 4+	78%	95%	91%
National	75%	78%	80%

St Aidan's Primary School (ST A)	2013	2014	2015
RWM Level 4+	75%	48%	79%
National	75%	78%	80%

Baines' Endowed Primary School & Children's Centre	2013	2014	2015
RWM Level 4+	68%	66%	73%
National	75%	78%	80%

Darwen St James' C of E Primary Academy (DSJ)	2013	2014	2015
RWM Level 4+	60%	63%	47%
National	75%	78%	80%

St Luke & St Phillip's Primary School (SLSP)	2013	2014	2015
RWM Level 4+	52%	76%	55%
National	75%	78%	80%

Great Marsden St John's Primary School (GMSJ)	2013	2014	2015
RWM Level 4+	45%	47%	43%
National	75%	78%	80%

Cidari Average	2013	2014	2015
RWM Level 4+	63%	66%	65%
National	75%	78%	80%

TRUSTEES' REPORT (continued)

Early Years Foundation Stage (EYFS)

	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National	Trust
GLD 2016	73%	66%	70%	66%	75%	65%	68%	2016: 66%	69%
GLD 2017	66%	66%	70%	67% ↑	77% ↑	66% ↑	75% ↑	2017: 71%	70%↑
GLD 2018	70% ↑	68% ↑	73% ↑	60%	79% ↑	67% ↑	87.5% ↑	2018 73%	72% ↑

2016 Key Stage 1 Results (ARE) **Strong outcomes**

2016	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National 2016	Trust Av
Phonics	79%	76%	87%	81%	96%	77%	66.7%	77%	83%
Reading	74%	74%	87%	74%	86%	79%	66.7%	74%	79%
Writing	73%	75%	83%	69%	79%	73%	66.7%	66%	76%
Maths	73%	73%	90%	69%	90%	76%	66.7%	73%	78%

2017 Key Stage 1 Results (ARE)

2017	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National 2017*	Trust Av
Reading	74%	74%	75%	74%	74%	75%	83.3%↑	75%	76%
Writing	71%	68%	73%	70%↑	70%	67%	83.3%↑	68%	72%
Maths	73%	74%↑	76%	74%↑	78%	73%	83.3%↑	75%	76%

2018 Key Stage 1 Results (ARE)

2018	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	National 2017*	Trust Av
Reading	69%	72%	73%	68%	76%	68%	83.3%↑	75%	73%
Writing	68%	62%	63%	69%	68%	68%	83.3%↑	68%	69%
Maths	70%	72%	72%	62%	76%	67%	83.3%↑	75%	70.5%

Key Stage 2 2016 Results (ARE)

2016 Position	Baines'	DSJ	GMSJ	St A	St B	SLSP	National 2016	Trust Av
Reading	55%	36%	48%	55%	54%	43%	66%	48.5%
Writing (TA)	77%	74%	67.8%	73%	75%	74%	74%	74%
SPAG	72%	73%	76%	68%	75%	60%	72%	70.7%
Maths	76%	54%	54%	68%	79%	60%	70%	65.2%
Combined	53%	31%	42.5%	47%	50%	40%	53%	44%

Key Stage 2 2017 Results (ARE)

2017 Position	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN (All 50% in 2016)	National 2017	Trust Av
Reading	78%↑	43%↑	47%	25%	91%↑	40%	75%↑	71%	57%↑
Writing (TA)	77%↑	57%	63%	60%	82%↑	50%	87.5%↑	76%	68%
GPS	86%↑	62%	57%	54%	91%↑	53%	87.5%↑	77%	70%
Maths	83%↑	57%	43%	57%	96%↑	43%	75%↑	75%	65%
Combined	70%↑	38%↑	40%	25%	82%↑	33%	75%↑	61%	52%↑

Key Stage 2 2018 Results (ARE)

2018 Position	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN (All 50% in 2016)	National 2017	Trust Av
Reading	77%	47%↑	52%↑	43%↑	79%	71%↑	100%↑	75%	67%↑
Writing (TA)	79%↑	58%↑	63%	58%	88%↑	65%↑	100%↑	78%	73%↑
GPS	82%	59%	55%	62%↑	92%↑	81%↑	100%↑	78%	76%↑
Maths	89%↑	53%	45%↑	46%	83%	68%↑	67%	76%	65%
Combined	69%	36%	28%	38%	74%	48%↑	67%	64%	52%↑

Summary: All academies have made significant improvements and Trust Writing and GPS scores have improved as a result

Secondary data (Chronology, Predictions vs Outcomes)

	2014 Outcomes	2015 Outcomes	2016 Outcomes	2017 Outcomes	2018 Outcomes
Progress 8 Score	-0.47	-0.22	-0.16 (DfE defined: Average)	-0.45	-0.18↑
Progress 8 Score (Disadv)	-0.72 Gap -0.25	-0.59 Gap -0.37	-0.60 Gap -0.44	-0.88 Gap -0.43	-0.63 Gap -0.45
GCSE 5 A*-C (Inc Ea&Ma)	48%	50%	54%	54%	56%

Trust average attendance **Target – 96% Primary / 95% Secondary**

	Baines'	DSJ	GMSJ	St A	St B	SLSP	SMN	St G
Average 2016	96.8%	96.3%	96.46%	96.5%	96.8%	96.2%		95.75%
Average 2017	96.3%	95.6%	96.2%	96.4%	97%	96.6%	96.7%	95%
Average 2018	96.2%	90%	96.1%	93.3%	97.3%	96%	97%	95%

National average for attendance in 2016 was 95%. **No 2017 figure from DfE yet**
Trust target = 96% Primary 95% Secondary

Trust average 2016	Primary = 96.5%	Secondary = 95.75%
Trust average 2017	Primary = 96.4%	Secondary = 95%
Trust average 2018	Primary = 95.1%	Secondary = 95%

Current Ofsted Grading

0 Academies are graded as Outstanding	0%	2019 Prediction	0%
2 Academies are graded as Good	25%	2019 Prediction	75%
5 Academies are graded as Requires Improvement	62.5%	2019 Prediction	25%
1 Academies is still graded as Inadequate	12.5%	2019 Prediction	0%

Trust target: By the end of 2019 – all academies will be Good or better under the Common Inspection Framework and Evaluation Schedule

TRUSTEES REPORT *(continued)*

Going Concern

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

Financial Review

The principal source of funding for the trust is the General Annual Grant (GAG), together with Pupil Premium and Start-up Grants (SUG). Expenditure has supported the key financial objectives of the trust which are to enable all students to access an outstanding education whilst ensuring the trust employs and retains outstanding leaders and practitioners and at the same time using financial resources prudently and responsibly.

Funding from the Academy Trust's Educational Operations amounted to £13,123,714 (2017 - £12,791,822). Transfers on conversion were £Nil (2017: £30,079) and total income was £14,473,241 (2017 - £13,566,068). Costs in respect of the Academy Trust's educational activity amounted to £14,317,211 (2016 - £13,976,899) and total costs, before gains on the LGPS pension scheme of £876,000 (2017 - £149,000), were £14,402,417 (2017 - £14,061,011).

(2017 comparatives are restated see note 18)

Balances carried forward to 2018/19 on the various funds are as follows:

• Unrestricted funds	£ 606,948
• Restricted general funds	(£ 5,083,000) (deficit on LGPS pension scheme)
• Restricted fixed asset funds	£16,368,188
• Total	£11,892,136

Cash at bank and on hand at 31st August 2018 amounted to £1,758,882 (2017: £1,242,261). A substantial portion of the movement in funds related to Condition Improvement Funding received during year to be expended on capital projects.

Reserves Policy

The trustees review the reserve levels of each academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. It is expected as a Trust to retain 5% of global income in reserves. Where this is not already the case, academies are expected to develop a long-term financial plan to achieve this target. The level of reserves will be reviewed and adjusted, if necessary, as new academies join the multi academy trust. Reserves are held to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The trust had £606,948 in unrestricted general funds at 31 August 2018.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments is one of minimum risk, with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments. A formal Investment Policy was agreed at the Finance and Audit Committee on 19 October 2017.

TRUSTEES' REPORT *(continued)*

Principle Risks and Uncertainties

The board has considered the risks faced by the trust throughout its normal operational business. It has addressed these risks by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this by developing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting the key risks are:

- The risk of achievements in core subjects being below expectations;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, safeguarding and the Prevent duty, the Charity Commission and the national curriculum;
- Financial Risk – not operating within budget, both centrally and in each individual academy, and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information;
- Conditions of buildings acting as a barrier to achievement or being a health and safety risk.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risk to which the multi academy trust is exposed has been identified as deficit budgets at two of the academies. Management action has been taken to address this risk and a planned programme to achieve a balanced budget as quickly as possible has been developed.

The central support team budget was also in deficit and again action was taken to mitigate the situation to ensure a balanced budget in the future.

The board of trustees has been kept fully informed of these issues and took the necessary decisions to ensure the above actions were implemented.

Trustees' Report *(continued)*

Fundraising

Cidari does not actively fundraise on behalf of the trust.

Plans for Future Periods

The central team recorded a surplus (£1,235) in the year ended 31 August 2018. A breakeven budget has been set for the financial year 2018/19 for the central team and a small surplus for the trust overall.

It is intended that the board of trustees will revisit its strategic direction during the financial year 2018/19 to ensure that a managed growth of the trust ensures that any such future risks, as identified above, are mitigated.

Auditor

Insofar as trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18 December 2018 and signed on the board's behalf by:



Ven. Michael Everitt
Chair of Trustees
18 December 2018

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustee, we acknowledge we have overall responsibility for ensuring that Cidari Education Limited 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cidari Education Limited 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustees</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Michael Everitt	6	6
Graeme Pollard	4	6
Peter Ashworth	6	6
Stephen Whittaker	5	6
Helen Thomas	4	6
Sam Johnson	5	6
Angus McLeod	6	6
Graham Warnock	3	6
Jo Venn	5	6

Governance Reviews

The board of trustees met during the first half of 2018 to explore the strategic direction of the trust and also to review its approach to governance.

Plans are in place to undertake a similar exercise each year together with a skills audit, a self-evaluation review and a committee and chairs review.

The Cidari Trust Board now comprises 9 Directors (of which one is the Chair of the Trust Board) and meets a minimum of three times each year.

Chair of the Board: Ven. Michael Everitt

Board Member: Sam Johnson

Board Member: Angus McLeod

Board Member: Graham Warnock

Board Member: Helen Thomas

Board Member: Stephen Whittaker

Board Member: Graeme Pollard

Board Member: Peter Ashworth

Board Member: Jo Venn

Reporting into the Trust Board are 3 sub committees, the membership of which is derived from the Trust Board

1. Finance and Audit Committee: Chair – Angus McLeod
2. Quality & Standards Committee: Chair – Sam Johnson
3. Our People Committee: Chair – Vacant

The Committee structure and membership was effective from 1 June 2015 as detailed below. The board assumed detailed responsibility for all areas of governance prior to the 1 June 2015.

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Finance & Audit Committee

The Finance & Audit Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

- Subject to the responsibilities of the board and the scheme of delegation to advise the trust on all aspects of the Company's finances, financial policies, controls and strategy, strategic planning (relating to finance) and capital development.
- Ensure that the internal control systems of the trust, including audit activities and risk management and any of its subsidiaries are monitored actively, independently and objectively in order to:-
 - consider the adequacy and effectiveness of the trust's internal control systems and the extent to which they can be relied upon;
 - reinforce the independence and effectiveness of the internal audit function;
 - provide a sounding board for management on issues of concern in connection with the internal control systems and risk management;
 - advise on the reliability of the trust's information and risk management systems; and
 - underpin the objectivity and independence of the external auditors.
- To provide a medium of communication from the trust's auditors which is not controlled by management.

Attendance at meetings in the period 1 Sept 2017 to 31 August 2018 was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
A McLeod	3	3
G Pollard	1	3
S Whittaker	3	3
P Ashworth	3	3

Quality and Standards Committee

The Quality and Standards Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

'To monitor and review the quality and performance of education in all the trust's academies.'

Attendance at meetings in the period 1 Sept 2017 to 31 August 2018 was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
S Johnson	4	4
P Ashworth	4	4
M Everitt	1	4
H Thomas	3	4
J Venn	4	4
G Warnock	1	4

Our People Committee

The Our People Committee has clear terms of reference outlining its constitution and responsibilities which can be summarised as:

'The Committee will ensure that all matters in relation to staff, their pay and performance, have policies and procedures in place and are regularly reviewed and monitored.'

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the period 1 September 2017 to 31 August 2018 was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of possible</u>
M Everitt	2	2
A McLeod	2	2
S Whittaker	2	2
L Upton (Co-optee)	1	2

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

- The performance of Academies in the trust are set out on pages 9 and 11. The results for Key Stage 4 at St George's School recorded a 0.27 improvement in the Progress 8 measure. Within the primary academies there has been an overall improvement in performance at EYFS and at Key Stage 1. At Key Stage 2 there is continued improvement with regards to outcomes with 3 academies achieving above national levels of performance, 1 academy close to national levels of performance and 3 academies continuing to make progress towards national levels of performance.

- All academies are above the 2017-18 progress floor standard set by the DfE. By definition no Cidari Academy is reported as being 'coasting'.

- The centralisation of payroll has allowed the trust to monitor staff costs and remove duplication from the payroll processing cycle. All academies in the trust are paid by a single payroll provider and fortnightly and mid-month payrolls have been transferred to a single monthly payroll. This has improved efficiency, control and value for money across the trust.

- Monthly financial reporting and budget monitoring is carried out by the trust's central team with the support of Business Managers in each Academy. This standardised approach to financial reporting has allowed greater comparability across schools which lays a foundation for delivering savings through centralised procurement of goods and services in the year ahead.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Cidari Education Limited for the year ended 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 Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the year ended 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.

CIDARI EDUCATION LIMITED
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee (and lead Director) 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; and
- identification and management of risks.

The board prepared an invitation to tender for the provision of an internal audit service during last year. However, due to the budgetary constraints noted in the Trustees' Report, the trust took a decision to defer. This decision was to be reviewed before September 2017 when it was again decided to defer an appointment at the present time. However, the finance consultant has this year undertaken an audit visit to each academy. In the interim the trust considered that existing arrangements were sufficiently robust to mitigate identified risks. The current arrangements include a robust due diligence process during academy conversions, monthly School Business Manager network meetings, central review of financial processes with monthly meetings with School Liaison Consultant.

REVIEW OF EFFECTIVENESS


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

- the work of the internal auditor;
- the work of the external 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 result of their review of the system of internal control by the Finance and audit committees 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 18 December 2018 and signed on their behalf, by:


.....
Ven. Michael Everitt
Chair of Trustees


.....
Peter Ashworth
Accounting Officer

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cidari Education Limited 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.



Peter Ashworth
Accounting Officer

Date: 18 December 2018

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

STATEMENT OF TRUSTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustee (who are also the directors of the charitable company for the purposes of company law) is responsible for preparing the Strategic report, the Trustee's 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 Trustee to prepare financial statements for each financial year. Under company law the Trustee must not approve the financial statements unless he is 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 Trustee is 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 Trustee is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Trustee is 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. He is also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustee is 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 and signed on its behalf by:



.....
Ven. Michael Everitt
Chair of Trustees

Date:

18th December 2018

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI EDUCATION LIMITED

OPINION

We have audited the financial statements of Cidari Education Limited (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 Trustee's 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.

OTHER INFORMATION

The Trustee is 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

CIDARI EDUCATION LIMITED
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI EDUCATION LIMITED

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 Trustee's report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's 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 Trustee's report including the Strategic report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustee's 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. This description forms part of our Auditors' report.

CIDARI EDUCATION LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CIDARI
EDUCATION LIMITED**

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.



Joanna Gray (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Carlisle
Date: 19-12-18

CIDARI EDUCATION LIMITED
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CIDARI
EDUCATION LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 06 November 2018 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 Cidari Education Limited 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 Cidari Education Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Cidari Education Limited 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 Cidari Education Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF CIDARI EDUCATION LIMITED'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Cidari Education Limited's funding agreement with the Secretary of State for Education dated 31 March 2015, 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.

CIDARI EDUCATION LIMITED
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CIDARI
EDUCATION LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 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.



Joanna Gray FCA

Armstrong Watson Audit Limited
Chartered Accountants
Carlisle

Date: 19-12-18

CIDARI EDUCATION LIMITED
(A company limited by guarantee)

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

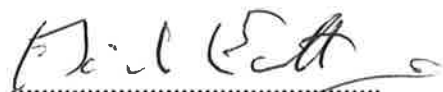
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>As restated</i> Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	9,264	-	773,398	782,662	140,010
Charitable activities	3	-	13,123,714	-	13,123,714	12,791,822
Other trading activities	4	565,791	-	-	565,791	633,000
Investments	5	1,074	-	-	1,074	1,236
TOTAL INCOME		576,129	13,123,714	773,398	14,473,241	13,566,068
EXPENDITURE ON:						
Raising funds	4	85,206	-	-	85,206	84,112
Charitable activities		-	13,888,293	428,918	14,317,211	13,976,899
TOTAL EXPENDITURE	6	85,206	13,888,293	428,918	14,402,417	14,061,011
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	19	490,923 (361,758)	(764,579) 333,579	344,480 28,179	70,824 -	(494,943) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		129,165	(431,000)	372,659	70,824	(494,943)
Actuarial gains on defined benefit pension schemes	24	-	876,000	-	876,000	149,000
NET MOVEMENT IN FUNDS		129,165	445,000	372,659	946,824	(345,943)
RECONCILIATION OF FUNDS:						
Total funds brought forward		477,783	(5,528,000)	15,995,529	10,945,312	11,291,255
TOTAL FUNDS CARRIED FORWARD		606,948	(5,083,000)	16,368,188	11,892,136	10,945,312

CIDARI EDUCATION LIMITED
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REGISTERED NUMBER: 08822760

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	<i>As restated</i> 2017 £
FIXED ASSETS					
Tangible assets	14		15,741,214		15,869,761
CURRENT ASSETS					
Stocks	15	27,386		16,504	
Debtors	16	658,550		524,226	
Cash at bank and In hand		1,758,882		1,242,761	
		2,444,818		1,783,491	
CREDITORS: amounts falling due within one year	17	(1,210,896)		(1,179,940)	
NET CURRENT ASSETS			1,233,922		603,551
TOTAL ASSETS LESS CURRENT LIABILITIES			16,975,136		16,473,312
Defined benefit pension scheme liability	24	(5,083,000)		(5,528,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			11,892,136		10,945,312
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability		16,368,188		15,995,529	
Pension reserve		(5,083,000)		(5,528,000)	
Total restricted income funds			11,285,188		10,467,529
Unrestricted income funds	19		606,948		477,783
TOTAL FUNDS			11,892,136		10,945,312

The financial statements on pages 26 to 53 were approved by the Trustee, and authorised for issue, on and are signed on their behalf, by:



Ven. Michael Everitt
Chair of Trustees

CIDARI EDUCATION LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	21	<u>(2,840)</u>	<u>(381,103)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,073	1,236
Purchase of tangible fixed assets		(245,600)	(121,896)
Capital grants from DfE Group		763,488	86,083
Cash transferred on conversion		-	30,179
Net cash provided by/(used in) investing activities		<u>518,961</u>	<u>(4,398)</u>
Change in cash and cash equivalents in the year		516,121	(385,501)
Cash and cash equivalents brought forward		<u>1,242,761</u>	<u>1,628,262</u>
Cash and cash equivalents carried forward	22	<u><u>1,758,882</u></u>	<u><u>1,242,761</u></u>

CIDARI EDUCATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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.

Cidari Education Limited constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustee 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 Trustee 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.

CIDARI EDUCATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 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.

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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.

CIDARI EDUCATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £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 and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, on a straight-line basis over their expected useful lives on the following bases:

Leasehold property	-	50 years
Furniture and fixtures	-	10 years
Plant and equipment	-	15 years
Office equipment	-	5 years
Computer equipment	-	3 years

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.

Recognition and valuation of land and buildings

The trust has been granted use of properties either by supplemental agreement or 125 year leases.

Where the premises are subject to 125 year lease these premises are recognised as leasehold property representing the fair value of the asset (being the right to use the property).

Those properties subject to a supplemental agreement are not recognised in the accounts because the trust does not have sufficient control of the works or access to premises. These arrangements are considered mere licenses to occupy for a minimum of two years as stated in the EFSA Academy Accounts Direction section 8.7.5. The license may be revoked for any reason by the Diocese giving a minimum of two years notice to the trust. There are five school properties occupied in this manner - St Aidan's, St Barnabas (School buildings), Newchurch Mary's, Baines Endowed and St John's Great Marsden (school buildings).

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

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the academy. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

1.9 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.

1.10 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.

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1. ACCOUNTING POLICIES (continued)

1.11 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 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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1. ACCOUNTING POLICIES (continued)

1.13 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 24, 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.

1.14 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 Trustee.

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.

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Critical areas of judgment:

Assets records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide a reasonable estimate of the value of the assets for initial recognition proposed but should be regarded as a significant estimate in relation to the accounts.

1.16 General Annual Grant

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. The academy trust has not carried forward any GAG funds for the year ended 31 August 2018.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	9,264	-	9,910	19,174	23,848
Capital grants	-	-	763,488	763,488	86,083
Transfer from local authority on conversion	-	-	-	-	30,079
	<u>9,264</u>	<u>-</u>	<u>773,398</u>	<u>782,662</u>	<u>140,010</u>
<i>Total 2017</i>	<u>23,848</u>	<u>30,079</u>	<u>86,083</u>	<u>140,010</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,026,856	12,026,856	11,798,362
Start up grants	-	28,000	28,000	10,798
Local authority grants	-	584,964	584,964	556,995
Other DfE/ESFA grants	-	484,094	484,094	425,867
	<u>-</u>	<u>13,123,714</u>	<u>13,123,714</u>	<u>12,791,822</u>
<i>Total 2017</i>	<u>-</u>	<u>12,791,822</u>	<u>12,791,822</u>	

4. TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Charity trading income	565,791	-	565,791	633,000
Net income from trading activities	<u>565,791</u>	<u>-</u>	<u>565,791</u>	<u>633,000</u>

Charity trading income includes nursery fees, as well as income from trips, lettings, catering, music services, uniforms, supplier teacher insurance, rates relief and other sundry income.

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	1,074	-	1,074	1,236
<i>Total 2017</i>	1,236	-	1,236	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	67,958	1,571	15,677	85,206	84,112
Support costs	-	-	-	-	-
Educational operations:					
Direct costs	8,791,731	51,327	1,795,930	10,638,988	10,088,848
Support costs	1,922,655	863,536	892,032	3,678,223	3,888,051
	10,782,344	916,434	2,703,639	14,402,417	14,061,011
<i>Total 2017</i>	10,702,028	247,459	3,111,517	14,061,004	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	10,638,988	3,678,223	14,317,211	13,976,899
<i>Total 2017</i>	10,088,848	3,888,051	13,976,899	

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

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
Pension income	-	-	109,000
Support staff costs	1,746,066	1,746,066	1,999,631
Premises costs	669,036	669,036	676,896
Technology costs	182,151	182,151	125,647
Other support costs	827,010	827,010	771,847
Governance costs	253,960	253,960	205,030
	<u>3,678,223</u>	<u>3,678,223</u>	<u>3,888,051</u>
<i>At 31 August 2017</i>	<u>3,888,051</u>	<u>3,888,051</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	Restated 2017 £
Depreciation of tangible fixed assets: - owned by the charity	374,145	642,631
Auditors' remuneration - audit	27,450	43,190
Auditors' remuneration - other services	7,025	14,645
Operating lease rentals	78,629	75,299
	<u>78,629</u>	<u>75,299</u>

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	7,908,424	7,666,629
Social security costs	726,335	704,204
Operating costs of defined benefit pension schemes	1,607,782	1,593,234
	10,242,541	9,964,067
Agency staff costs	494,947	623,244
Staff restructuring costs	6,100	98,866
Apprenticeship levy	38,756	15,851
	10,782,344	10,702,028

Staff restructuring costs comprise:

	2018	2017
	£	£
Redundancy payments	-	6,754
Severance payments	6,100	92,112
	6,100	98,866

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

During the period the trust has incurred two (2017 - six) severance payments totalling £6,100 (2017 - £92,112) which are non-statutory/non-contractual severance payments. The individual amounts paid were £1,100 and £5,000.

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	117	119
Administration and support	209	200
Management	21	20
	347	339

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

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	6
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	2
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0
In the band £110,001 - £120,000	0	2

Of the employees above, six (2017 - twelve) participated in the Teachers' Pension Scheme and during the period pension contributions for these members of staff amounted to £55,211 (2017 - £126,505).

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 £983,158 (2017 - £837,337).

10. CENTRAL SERVICES

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

- Human resources
- Financial services
- Legal services
- Education support services
- Other as arising

The academy charges for these services on the following basis:

The trust charges for these services on a percentage basis dependent on the Ofsted rating.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Baines	104,876	123,181
Great Marsden St Johns	50,676	58,231
Blackburn St Aidan's	47,684	78,055
Darwin St Barnabas	43,620	51,237
St Georges	248,368	241,952
Darwen St James	34,478	37,022
St Luke's and St Phillips	52,280	64,372
New Church St Marys	11,124	-
Total	593,106	654,050

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

11. TRUSTEE'S 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	2017
		£	£
P Ashworth (Chief Executive Officer and Trustee)	Remuneration	115,000-120,000	110,000-115,000
	Pension contributions paid	5,000-10,000	10,000-15,000
G Warnock (Principal of St George's School and Trustee)	Remuneration	90,000-95,000	100,000-105,000
	Pension contributions paid	10,000-15,000	10,000-15,000
H Thomas (Principal of St Aidan's School and Trustee)	Remuneration	60,000-65,000	55,000-60,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2018, expenses totalling £2,124 (2017 - £2,314) were reimbursed to 2 Trustees (2017 - 3).

Stephen Whittaker (Trustee) is Director of Education for the Blackburn Diocesan Board of Education (DBE) which the Trust has a trading relationship with for staff secondments, due diligence and office overheads.

More information on related party transactions involving the DBE are set out in note 27.

12. TRUSTEE'S AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

13. OTHER FINANCE INCOME

	2018	2017
	£	£
Interest on pension scheme liabilities	<u>(134,000)</u>	<u>(109,000)</u>

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

14. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2017 (as previously stated)	18,059,641	369,875	872,097	19,301,613
Prior year adjustment	(1,484,936)	(21,223)	-	(1,506,159)
At 1 September 2017 (as restated)	16,574,705	348,652	872,097	17,795,454
Additions	197,346	25,810	22,442	245,598
At 31 August 2018	16,772,051	374,462	894,539	18,041,052
Depreciation				
At 1 September 2017 (as previously stated)	1,088,278	97,411	797,222	1,982,911
Prior year adjustment	(55,003)	(2,215)	-	(57,218)
At 1 September 2017 (as restated)	1,033,275	95,196	797,222	1,925,693
Charge for the year	303,487	35,555	35,103	374,145
At 31 August 2018	1,336,762	130,751	832,325	2,299,838
Net book value				
At 31 August 2018	15,435,289	243,711	62,214	15,741,214
At 31 August 2017 (as restated)	15,541,430	253,456	74,875	15,869,761

Expensed capital grant funding

It is the trust's policy not to capitalise assets relating to Church buildings that are leased on a supplemental agreement. During the year, the trust expensed £13,359 of Condition Improvement Funding which related to roof repairs at Baines Endowed Academy.

15. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	27,386	16,504

16. DEBTORS

	2018 £	2017 £
Trade debtors	28,082	12,647
Other debtors	103,728	36,603
Prepayments and accrued income	526,740	474,976
	658,550	524,226

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

17. CREDITORS: Amounts falling due within one year

	2018	<i>As restated</i>
	£	2017
		£
Trade creditors	368,803	278,578
Other creditors	325,672	358,363
Accruals and deferred income	516,421	542,999
	1,210,896	1,179,940
	1,210,896	1,179,940
	2018	2017
	£	£
Deferred Income		
Deferred income at 1 September 2017	260,264	283,919
Resources deferred during the year	247,569	260,264
Amounts released from previous years	(260,265)	(283,919)
	247,568	260,264
	247,568	260,264

Included in other creditors is an amount owed to the Blackburn Diocesan Board of Education of £319,541 (2017 - £324,758).

18. PRIOR YEAR ADJUSTMENT

In the prior year accounts, the Trust opted to change its policy for accounting for land and buildings subject to a Church Supplemental Agreement (CSA) in line with ESFA guidance released at that time.

As the Trustees of the Church have the ability to reclaim the use of its assets after a two year notice period, the Trust feels it appropriate not to recognise the assets as they do not have the risks and rewards of ownership over the lifespan of the land and buildings in use.

As a result, a prior period adjustment was made to the 2017 accounts to derecognise £6,475,867 net book value of land and buildings at St Aidan's, St Barnabas and Baines Endowed that are subject to these supplemental agreements.

During the year, the Trust identified further assets subject to the same CSA at Great Marsden, and as a result made a prior year adjustment of £1,448,940, in line with the Trust's current accounting policy.

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

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	477,783	576,129	(85,206)	(361,758)	-	606,948
Restricted funds						
General Annual Grant (GAG)	-	10,965,550	(11,299,129)	333,579	-	-
Pupil premium	-	1,061,106	(1,061,106)	-	-	-
Start up grant	-	28,000	(28,000)	-	-	-
Other DfE/ESFA grants	-	666,658	(666,658)	-	-	-
Other grants	-	402,400	(402,400)	-	-	-
Pension reserve	(5,528,000)	-	(431,000)	-	876,000	(5,083,000)
	<u>(5,528,000)</u>	<u>13,123,714</u>	<u>(13,888,293)</u>	<u>333,579</u>	<u>876,000</u>	<u>(5,083,000)</u>
Restricted fixed asset funds						
Transferred on conversion	15,502,076	-	(292,418)	-	-	15,209,658
DfE/ESFA capital grants	256,515	763,488	(55,224)	2,000	-	966,779
Capital expenditure from GAG	216,649	-	(62,065)	26,179	-	180,763
Private sector capital sponsorship	20,289	9,910	(19,211)	-	-	10,988
	<u>15,995,529</u>	<u>773,398</u>	<u>(428,918)</u>	<u>28,179</u>	<u>-</u>	<u>16,368,188</u>
Total restricted funds	<u>10,467,529</u>	<u>13,897,112</u>	<u>(14,317,211)</u>	<u>361,758</u>	<u>876,000</u>	<u>11,285,188</u>
Total of funds	<u>10,945,312</u>	<u>14,473,241</u>	<u>(14,402,417)</u>	<u>-</u>	<u>876,000</u>	<u>11,892,136</u>

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

Restricted funds

Restricted balances carried forward are for funding (cash) to be spent on charitable activities of the trust in accordance with the grant agreements.

General Annual Grant (GAG)

Funds received from the ESFA are applied to the charitable activities of the trust as defined in the funding agreements. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of General Annual Grants (GAG) that it could carry forward at 31 August 2018. Note 2 discloses that no funds were carried forward.

Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by Your Pension Scheme (YPS) – Lancashire. In the current financial year, the deficit on the fund has decreased to £5,083,000 (2017 - £5,528,000). The charge to the Income & Expenditure Account in the year was £431,000 (2017 - £406,000) and other recognised gains were £876,000 (2017 - £149,000).

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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic years (as per the trust's fixed assets policy) and transfers between funds are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these have been committed in future years for depreciation and amortisation.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the board of trustees to meet the charitable objectives of the academy trusts.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Baines Endowed	306,744	208,411
Great Marsden St Johns	(41,703)	4,195
Blackburn St Aidan's	58,703	54,034
Darwen St Barnabas	71,977	100,401
St Georges	627,624	430,901
Darwen St James	(40,603)	(4,855)
St Luke and St Phillips	(12,768)	34,241
Newchurch St Marys	16,212	31,058
Central services	(379,238)	(380,603)
Total before fixed asset fund and pension reserve	606,948	477,783
Restricted fixed asset fund	16,368,188	15,995,529
Pension reserve	(5,083,000)	(5,528,000)
Total	11,892,136	10,945,312

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Great Marsden St Johns	41,703
Darwen St James	40,603
St Luke and St Phillips	12,768

The trust is taking the following action to return the academies to surplus:

Great Marsden St Johns Academy is carrying a net deficit of £41,703 on these funds due to agency costs and legacy expenditure.

The trust is working with the academy to implement cost efficiencies and expects the academy to return to a small surplus over the next 2 – 3 years.

Darwen St James Academy is carrying a net deficit of £40,603 on these funds due to time to implement

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19. STATEMENT OF FUNDS (continued)

cost savings, agency costs and school improvement.

The trust is taking action to implement further cost efficiencies and improve marketing to return the Darwen St James to a small surplus in the 2018/19.

St Luke and St Phillips is carrying a net deficit of £12,768 on these funds due to agency costs and school improvement costs.

The trust is taking action with the academy to implement identified cost savings that will return school to small surplus over the next 3 years.

Central services is carrying a net deficit of £379,238 on these funds due to initial costs incurred on the set up of the trust.

The trust has restructured central costs and this will provide a small in year surplus (as in 2017/18) and is forecast to continue reducing the deficit without impacting on the services provided to the academies.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Baines Endowed	1,442,123	534,585	103,450	401,657	2,481,815	2,583,379
Great Marsden St John's	646,735	97,903	72,177	288,136	1,084,951	943,281
Blackburn St Aidan's	640,111	90,879	37,757	230,128	998,875	905,290
Darwen St Barnabas	517,840	93,307	55,897	202,787	869,831	832,388
St Georges	3,623,315	404,988	372,888	942,397	5,343,568	4,822,824
St James	554,790	205,739	23,894	222,840	1,007,063	944,074
St Luke's and St Phillips	803,600	126,189	37,775	176,238	1,143,802	1,103,167
Newchurch St Marys	230,333	35,315	17,458	107,703	390,807	120,351
Central services	-	346,804	2,386	303,595	652,785	1,136,290
	<u>8,458,847</u>	<u>1,935,689</u>	<u>723,480</u>	<u>2,855,481</u>	<u>13,973,497</u>	<u>13,391,044</u>

CIDARI EDUCATION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 As restated £</i>
General funds						
General funds - all funds	121,148	658,084	(84,112)	(217,337)	-	477,783
Restricted funds						
Pension reserve	(5,163,000)	12,821,901	(13,158,202)	79,301	(108,000)	(5,528,000)
Restricted fixed asset funds						
Transferred on conversion	17,890,047	86,083	(669,697)	138,036	-	17,444,469
Prior year restatement of fixed assets	-	-	-	-	(1,448,940)	(1,448,940)
Total restricted funds	<u>12,727,047</u>	<u>12,907,984</u>	<u>(13,827,899)</u>	<u>217,337</u>	<u>(1,556,940)</u>	<u>10,467,529</u>
Total of funds	<u><u>12,848,195</u></u>	<u><u>13,566,068</u></u>	<u><u>(13,912,011)</u></u>	<u><u>-</u></u>	<u><u>(1,556,940)</u></u>	<u><u>10,945,312</u></u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	15,741,215	15,741,215
Current assets	1,817,840	-	626,977	2,444,817
Creditors due within one year	(1,210,896)	-	-	(1,210,896)
Provisions for liabilities and charges	-	(5,083,000)	-	(5,083,000)
	<u>606,948</u>	<u>(5,083,000)</u>	<u>16,368,188</u>	<u>11,892,136</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	612	-	15,869,149	15,869,761
Current assets	1,657,111	-	126,380	1,783,491
Creditors due within one year	(1,179,940)	-	-	(1,179,940)
Provisions for liabilities and charges	-	(5,528,000)	-	(5,528,000)
	<u>477,783</u>	<u>(5,528,000)</u>	<u>15,995,529</u>	<u>10,945,312</u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	70,824	(494,943)
Adjustment for:		
Depreciation charges	374,146	642,631
Dividends, interest and rents from investments	(1,074)	(1,236)
(Increase)/decrease in stocks	(10,882)	4,032
Increase in debtors	(134,322)	(46,582)
Increase/(decrease) in creditors	30,956	(774,843)
Capital grants from DfE and other capital income	(763,488)	(86,083)
Defined benefit pension scheme cost less contributions payable	297,000	297,000
Defined benefit pension scheme finance cost	134,000	109,000
Net (loss) on assets and liabilities from local authority on conversion	-	(30,079)
Net cash used in operating activities	(2,840)	(381,103)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,758,882	1,242,761
Total	1,758,882	1,242,761

23. CAPITAL COMMITMENTS

At the balance sheet date, the trust had £189,908 Condition Improvement Funding which they had committed to roof repairs and heating alterations at St George's Academy.

24. 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 Mercer Limited. 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.

Contributions amounting to £6,131 were payable to the schemes at 31 August 2018 (2017 - 22,189) and are included within creditors.

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24. PENSION COMMITMENTS (continued)

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.

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 £814988 (2017 - £755311).

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).

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 £623,000 (2017 - £569,000), of which employer's contributions totalled £480,000 (2017 - £459,000) and employees' contributions totalled £143,000 (2017 - £131,000). The agreed contribution rates for future years are % for employers and % for employees.

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

24. PENSION COMMITMENTS (continued)

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.90 %	2.50 %
Rate of increase in salaries	3.70 %	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.20 %
Inflation assumption (CPI)	2.20 %	2.20 %

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	22.7	22.6
Females	25.4	25.2
Retiring in 20 years		
Males	25.0	24.9
Females	28.0	27.9

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	4,873,000	5,327,000
Mortality assumption - 1 year increase	5,231,000	5,670,000
CPI rate +0.1%	5,298,000	5,735,000
Pay growth +0.1%	5,128,000	5,579,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,426,000	1,083,000
Debt instruments	19,000	57,000
Government bonds	110,000	47,000
Property	299,000	256,000
Cash and other liquid assets	29,000	113,000
Other	1,364,000	910,000
Total market value of assets	3,247,000	2,466,000

The actual return on scheme assets was £167,000 (2017 - £287,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(766,000)	(724,000)
Interest cost	(134,000)	(109,000)
Net interest cost	-	-
Administration costs	(11,000)	(11,000)
Total	(911,000)	(844,000)

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

	2018 £	2017 £
Opening defined benefit obligation	7,994,000	7,209,000
Current service cost	766,000	724,000
Employee contributions	143,000	131,000
Actuarial gains	(778,000)	(327,000)
Benefits paid	2,000	(74,000)
Losses on curtailments	-	171,000
Interest on pension liabilities	203,000	160,000
Closing defined benefit obligation	8,330,000	7,994,000

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

	2018 £	2017 £
Opening fair value of scheme assets	2,466,000	2,046,000
Interest income	69,000	51,000
Actuarial losses/(gains)	98,000	(178,000)
Employer contributions	480,000	438,000
Employee contributions	143,000	131,000
Benefits paid	2,000	(74,000)
Admin expenses	(11,000)	(11,000)
Plan introductions, benefit changes, curtailments and settlements	-	63,000
Closing fair value of scheme assets	3,247,000	2,466,000

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

25. 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 £	2017 £
Amounts payable:		
Within 1 year	72,705	69,851
Between 1 and 5 years	207,077	232,536
After more than 5 years	14,986	49,762
	294,768	352,149
Total	294,768	352,149

26. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

27. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

Upon the schools being converted to academy trust status under the Academies Act 2010 all the operations and assets and liabilities were transferred to Cidari Education Limited for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources and resources expended in the Statement of Financial Activities as voluntary income and other resources expended.

Owing to the nature of the Cidari Education Limited's operations and the composition of the board of trustees being drawn from local public and private sector organisation, transactions may take place with an organisation in which a trustee has an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year the trust incurred costs of £46,657 (2017 - £75,866) from the Blackburn Diocesan Board of Education, an entity with common ultimate control for the cost of secondments, due diligence and office overheads. At the year end, a balance of 2017 £339,235 (2017 - £359,357) was due to the Blackburn Diocesan Board of Education. All transactions were made in accordance with the trust's financial regulations.

Further disclosure regarding trustee remuneration can be found in note 12 to the accounts.

28. POST BALANCE SHEET EVENTS

On 30th November the trust acquired a new academy, St Silas C of E Primary School.

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NOTES TO THE FINANCIAL STATEMENTS
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