Cidari Education Limited
Multi Academy Trust
(A Company Limited by Guarantee)

Company Registration Number:
08822760 (England and Wales)

Annual Report and Financial Statements
for the year ended 31 August 2016

Contents

Reference and Administrative Details	3
Trustees' Report	5
Governance Statement	15
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent auditor's report on the Financial Statements	22
Independent Reporting Accountant's Assurance Report on Regularity to Cidari Education Limited and the Education Funding Agency	24
Statement of financial activities (incorporating the income and expenditure account)	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements, incorporating:	
- Statement of Accounting Policies	29
- Other Notes to the Financial Statements	34

Reference and Administrative Details

Members:

Bishop of Blackburn	Rt. Rev. Julian Henderson	
Bishop of Burnley	Rt. Rev. Philip North	
Bishop of Lancaster	Rt. Rev. Geoffrey S Pearson	
Archdeacon of Blackburn	Ven. Mark Ireland	(appointed 14 February 2016)
Archdeacon of Lancaster	Ven. Michael Everitt	
Chair of DBF	Canon John Dell	

Trustees:

Chief Executive Officer/Accounting Officer	Liz Agbettoh	(resigned 7 October 2016)
Interim Chief Executive Office/Accounting Officer	Peter Ashworth	(appointed 10 October 2016)
Chairman	Ian Higginbotham	(resigned 7 October 2016)
Chairman	Ven. Michael Everitt	(appointed 7 October 2016)
Deputy Chairman	Graeme Pollard	
Trustee	Fred Kershaw	(resigned 3 May 2016)
Trustee	Elizabeth Nicholls	(resigned 7 October 2016)
Trustee	Daniel Berry	(resigned 15 March 2016)
Trustee	Ian Cherry	
Trustee	Carolyn Johnson	
Trustee	Stephen Whittaker	
Trustee	Clive Nattrass	(appointed 1 December 2015)/ (resigned 29 November 2016)
Trustee	Helen Thomas	(appointed 1 December 2015)
Trustee	Sam Johnson	(appointed 12 July 2016)
Trustee	Angus McLeod	(appointed 7 October 2016)
Trustee	Graham Warnock	(appointed 20 September 2016)

Senior Management Team:

Chief Executive Officer	Liz Agbettoh	(resigned 7 October 2016)
Director of Financial Operations	Alan O'Reilly	(resigned 31 August 2016)
Head of Education	Peter Ashworth	(appointed 10 August 2015)
Interim Chief Executive Officer	Peter Ashworth	(appointed 10 October 2016)
Head of Finance	Sally Little	(appointed 14 March 2016) (resigned 7 October 2016)
Principal of St George's School	Daniel Berry	(resigned 13 March 2016)
	Graham Warnock	(appointed 11 May 2016)
Principal of St Luke & St Philip's Primary School	Katherine Emmerton	(resigned 31 October 2015)
Principal of St Luke & St Phillip's Primary School	Samantha O'Connell	(appointed 15 October 2016)
Principal of Darwen St James' CE Primary Academy	Maggie Beck	
Principal of St Barnabas' Primary School	Helen Thomas	
Principal of St Aidan's Primary School	Rachel Senior	
Principal of Baines Endowed Primary School	Joanne Snape	(resigned effective 31 July 2017)
Principal of Great Marsden St John's Primary School	Michaela Underwood	

Company Name:	Cidari Education Limited
Company Secretary:	Ron Matthews
Company registration number:	08822760

Reference and Administrative Details *(continued)*

Principal & Registered Office:	Clayton House Walker Park Blackburn Lancashire BB1 2QE
Independent Auditors:	KPMG LLP Edward VII Quay Navigation Way Preston Lancashire PR2 2YF
Bankers:	Lloyds Bank plc Church Street Blackburn BB2 1JQ
Solicitors:	Napthens Solicitors 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 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates six 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 2,638 and the number on the roll at 31 August 2016 was 2,356.

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 3.

Members' Liability

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

Trustees' Indemnities

The board of trustees had taken out cover which expired on 4 May 2016. It includes trustees and management liability up to £5,000,000 in any one period of insurance inclusive of all legal costs.

For cover after 4 May 2016, 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 Bodies 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 Bodies 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;
- 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 & 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 & 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.

Related Parties and other Connected Charities and Organisations

There are no third party organisations or charities connected to the trust.

The members of the trust are the people as identified on page 3. 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 9 December 2015, within the eighteen month period required by the Articles since the establishment of the Company.

During the year ended 31 August 2016 there were no additional schools added to 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

The board of trustees established the benefits of joining Cidari Multi Academy Trust as follows:

Christian ethos informs and shapes our vision, values and practice.

Improving teaching and the wellbeing of pupils through a collaborative professional network of Local Headteachers and School Leaders.

Direction and support provided for Governors, Heads, and Teachers to achieve excellence in all they do.

Access to School Improvement Packages, and sharing in best practice from our own Schools and national sources.

Receipt of benefits in procurement, advice, and capital developments through the pooling of funding and ideas.

Influence – we network assiduously on a wider platform so that our members' views can be presented and voiced.

Trustees' Report *(continued)*

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 is to advance, for the public benefit, education in the United Kingdom.

Trustees' Report *(continued)*

Strategic Report

Achievements and Performance

The Cidari Multi Academy Trust achievements in 2015 – 2016 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.

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

Historic performance 2013 to 2016

Secondary

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 see new performance indicators below

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

St Aidan's Primary School	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' Church of England Primary Academy	2013	2014	2015
RWM Level 4+	60%	63%	47%
National	75%	78%	80%

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

Great Marsden St John's Primary School	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)*

2015-16 Performance Data

Early Years Foundation Stage (EYFS) Strong outcomes

	Baines'	DSJ	GMSJ	St A	St B	SLSP	National	Trust
GLD	73%	66%	70%	66%	75%	65%	66%	69%

Key Stage 1 SATs (National Standard) Strong outcomes

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

Key Stage 2 SATs (National Standard) Latest data inconclusive – no progress data

	Baines'	DSJ	GMSJ	St A	St B	SLSP	National	Trust
Reading	55%	36%	48%	55%	54%	43%	66%	48.5%
Writing	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%

Secondary data (Chronology, Predictions vs Outcomes) Strong outcomes

	2014 Outcomes	2015 Outcomes	Prediction	Spring 2016 data	2016 Actual data
Progress 8 Score	-0.47	-0.22	+0.33	+0.3	+0.25
Progress 8 Score (Disadv)	-0.72	-0.59	-0.37	-0.37	-0.35
GCSE 5 A*-C (Inc Ea&Ma)	48%	49%	53.36%	53.36%	53%

DfE Secondary Floor standard for Progress 8 is -0.5

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 £13,246,113 (2015: £10,933,651). Transfers on conversion were £35,937 (2015: £10,006,923) and total income was £13,737,038 (2015: £21,199,111). Costs in respect of the Academy Trust's educational activity amounted to £13,885,657 (2015: £11,986,105) and total costs, before losses on the LGSS pension scheme (£1,902,000), were £13,941,430 (2015: £12,049,987).
Balances carried forward to 2016/17 on the various funds are as follows:

- Unrestricted funds £121,148
- Restricted general funds (£5,163,000) (deficit on LGPS pension scheme)
- Restricted fixed asset funds £24,365,914
- Total £19,324,062

Cash at bank and on hand at 31st August 2016 amounted to £1,628,262 *(2015: £1,385,973)*. A substantial portion of the positive movement in funds related to Condition Improvement Funding received at year end.

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. The academies within the trust are expected to retain 12% of their 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 £121,148 in unrestricted general funds at 31 August 2016.

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.

Trustees' Report *(continued)*

Principal 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)*

Plans for Future Periods

The central team recorded a deficit in the year ended 31 August 2016. A breakeven budget has been set for the financial year 2016/17 both for the central team and for the trust overall.

It is intended that the board of trustees will revisit its strategic direction during the financial year 2016/17 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 auditor, KPMG, is willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2016 and signed on the board's behalf by:



Ven. Michael Everitt
Chair of Trustees
13 December 2016

Governance Statement

Scope of Responsibility

As trustees 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a possible
Ian Higginbotham	5	5
Graeme Pollard	5	5
Liz Agbettoh	5	5
Daniel Berry	1	2
Ian Cherry	5	5
Carolyn Johnson	3	5
Fred Kershaw	4	4
Elizabeth Nicholls	3	5
Stephen Whittaker	1	5
Clive Nattrass	4	4
Helen Thomas	4	4
Sam Johnson	1	1

Liz Agbettoh resigned on the 7 October 2016 as Chief Executive Officer. Peter Ashworth was appointed Interim Chief Executive Office with effect from 10 October 2016

I Higginbotham resigned on 7 October 2016. Ven. Michael Everitt was appointed on 7 October 2016.

Dan Berry resigned his post on 15 March 1016 and Fred Kershaw resigned on 3 May 2016.

Elizabeth Nicholls resigned on 7 October 2016 and Clive Nattrass resigned. 29 November 2016. Angus McLeod was appointed on 7 October 2016.

Governance Reviews

The board of trustees met during the first half of 2016 to explore the strategic direction of the trust and also to review its approach to governance.

The result of the governance review was the establishment of a formal committee structure and membership which was described under the heading of 'Organisational Structure' in the Trustees' Report.

This has resulted in a more robust structure for the trust enabling the committees to focus more clearly on their role of scrutinising performance for their particular areas.

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.

Governance Statement *(continued)*

The Cidari Trust Board now comprises 11 Directors (of which one is the Chair of the Trust Board) and meets three times each year.

Chair of the Board: Ven. Michael Everitt
Board Member: Ian Cherry
Board Member: Carolyn Johnson
Board Member: Sam Johnson
Board Member: Angus McLeod
Board Member: Graham Warnock
Board Member: Helen Thomas
Board Member: Sam Johnson
Board Member: Stephen Whittaker
Board Member: Graeme Pollard
Board Member: Peter Ashworth

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 – Ian Cherry
2. Quality & Standards Committee: Chair – Liz Nichols (Now resigned and to be replaced)
3. Our People Committee: Chair – Carolyn Johnson

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.

Finance Committee

The Finance 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.

Attendance at meetings in the period 1 Sept 2015 to 31 August 2016 was as follows:

Trustees	Meetings attended	Out of a possible
Graeme Pollard	1	3
Liz Agbettoh	1	3
Ian Cherry (Chair)	3	3
Stephen Whittaker	0	3

Audit Committee

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

'Subject to the responsibilities of the board to and the scheme of delegation to:

- 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;
    - 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 2015 to 31 August 2016 was as follows:

Trustees	Meetings attended	Out of a possible
Graeme Pollard (Chair)	1	3
Fred Kershaw	1	3
Ian Cherry	3	3
Carolyn Johnson	1	3
Stephen Whittaker	0	3

During the year the Committees were merged as one Audit and Finance Committee under the chairmanship of Ian Cherry.

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 2015 to 31 August 2016 was as follows:

Trustee	Meetings attended	Out of a possible
Ian Higginbotham	3	3
Liz Agbettoh	3	3
Elizabeth Nicholls (Chair)	3	3
Clive Nattrass	1	2
Helen Thomas	2	2
Daniel Berry	1	1
Fred Kershaw	0	2

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.'

Membership of the committee was as follows:

Governance Statement *(continued)*

Trustee	Meetings attended	Out of a possible
Carolyn Johnson (Chair)	3	3
Liz Nicholls	3	3
Fred Kershaw	1	2
Stephen Whittaker	2	3
Ian Higginbotham	2	3

A full timetable of meetings for the board and its committees was produced for the year 2016/17.

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 accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year:

- The performance of Academies in the trust are set out on pages 10 and 11. The results for Key Stage 4 at St George's School recorded a 4 percentage point improvement, from 51% to 53%, in the number of students achieving at least five A* to C GCSEs including English and maths. Within the primary academies there has been an overall improvement in performance at EYFS and at Key Stage 1. Key Stage 2 results are not comparable with prior testing and assessment schedules and must therefore be taken in isolation. Until national progress data is released by the DfE it is difficult to quantify what the performance of individual academies and the Trust has been. The only early indicator is that all primary academies are above the 2015-16 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. Monthly payroll processing was previously carried out by academies' legacy local authority provider. 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 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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;
- identification and management of risks.

The board prepared an invitation to tender for the provision of an internal audit service during the year. However, due to the budgetary constraints noted in the Trustees' Report, the trust took a decision to defer. This decision will be reviewed before September 2017 and subject to budgetary constraints internal auditors will be appointed during 2017/18. 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 and the appointment of Ian Cherry to the board of trustees. Ian Cherry is a fellow of the ICAEW, a registered auditor, a forensic accountant and an expert witness.

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 external auditor;
- the financial management process;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- the work of the School Liaison Consultant

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance and Audit 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 13 December 2016 and signed on its behalf by:

Ven. Michael Everitt
Trustee

Peter Ashworth
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Cidari Education Limited I have considered my responsibility to notify the multi academy trust's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the multi 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.

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 EFA.

Peter Ashworth
Accounting Officer
13 December 2016



Statement of Trustees' Responsibilities

The trustees (who act as governors of Cidari Education Limited and are also the directors of the charitable company for the purpose of company law) are responsible for preparing the Trustee's Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

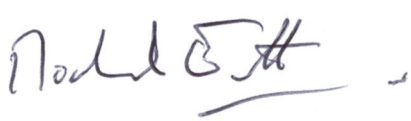
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the Members of the board of trustees on 13 December 2016 and signed on its behalf by:



Ven. Michael Everitt
Chair of Trustees

Independent auditor's report to the members of Cidari Education Limited

We have audited the financial statements of Cidari Education Limited for the year ended 31 August 2016 set out on pages 26 to 52. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Cidari Education Limited *(continued)*

Matters on which we are required to report by exception

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

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

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edward VII Quay
Navigation Way
Preston
PR2 2YF

16/12/2016

Independent Reporting Accountant's Assurance Report on Regularity to Cidari Education Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cidari Education Limited (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2015 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Chief Executive on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2015
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and

Independent Reporting Accountant's Assurance Report on Regularity to Cidari Education Limited and the Education Funding Agency *(continued)*

- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

Conclusion

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

Liam Finnigan
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
Edward VII Quay
Navigation Way
Preston
PR2 2YF

16/12/2016

Cidari Education Limited

Statement of Financial Activities (including Income and Expenditure Account)

for the year ended 31 August 2016

	notes	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Incoming and endowments from:						
Donations and capital grants	3	**5,159**	**-**	**606,852**	**612,011**	231,174
Transfer from local authority on conversion		**-**	**35,937**	**-**	**35,937**	10,006,293
Charitable activities:						
- Funding for the academy trust's educational operations	4	**-**	**12,634,102**	**-**	**12,634,102**	10,702,477
Other trading activities	5	**452,347**	**-**	**-**	**452,347**	255,544
Investments	6	**2,641**	**-**	**-**	**2,641**	3,623
Total		**460,147**	**12,670,039**	**606,852**	**13,737,038**	21,199,111
Expenditure on:						
Raising funds	7	**55,773**	**-**	**-**	**55,773**	63,802
Charitable activities:						
- Academy trust educational operations	7		**13,154,334**	**731,323**	**13,885,657**	11,986,185
Other		**-**	**-**	**-**	**-**	-
Total		**55,773**	**13,154,334**	**731,323**	**13,941,430**	12,049,987
Net income/(expenditure)	7	**404,374**	**(484,295)**	**(124,471)**	**(204,392)**	9,149,124
Transfers between funds		**(656,913)**	**323,295**	**333,618**	**-**	-
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	24	**-**	**(1,902,000)**	**-**	**(1,902,000)**	(45,000)
Net movement in funds		**(252,539)**	**(2,063,000)**	**209,147**	**(2,106,392)**	9,104,124
Reconciliation of funds						
Total funds brought forward		**373,687**	**(2,861,000)**	**24,156,767**	**21,669,454**	14,001,330
Pension deficit upon business combination		**-**	**(239,000)**	**-**	**(239,000)**	(1,436,000)
Total funds carried forward		**121,148**	**(5,163,000)**	**24,365,914**	**19,324,062**	21,669,454

Cidari Education Limited
Balance Sheet
as at 31 August 2016

Company Number 08822760

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		**24,315,403**		24,156,767
Current assets					
Stock		**20,536**		-	
Debtors	13	**477,644**		460,741	
Cash at bank and in hand	23	**1,628,262**		1,385,973	
		2,126,442		1,846,714	
Liabilities					
Creditors: Amounts falling due within one year	14	**(1,954,783)**		(1,473,027)	
Net current assets			**171,659**		373,687
Total assets less current liabilities			**24,487,062**		24,530,454
Creditors: Amounts falling due more than one year			-		-
			24,487,062		24,530,454
Net assets excluding pension liability					
Defined benefit pension scheme liability	24		**(5,163,000)**		(2,861,000)
Total net assets			**19,324,062**		21,669,454
Funds of the academy trust					
Restricted funds	15				
- Fixed asset fund		**24,365,914**		24,156,767	
- Restricted income fund		**-**		-	
- Pension reserve		**(5,163,000)**		(2,861,000)	
Total restricted funds			**19,202,914**		21,295,767
Unrestricted income funds	15				
- General fund		**121,148**		373,687	
Total unrestricted funds			**121,148**		373,687
Total funds			**19,324,062**		21,669,454

These financial statements on pages 26 to 52 were approved by the trustees and authorised for issue on 13 December 2016 and were signed on its behalf by:

Ven. Michael Everitt
Chair of Trustees

Statement of Cash Flows

for the year ended 31 August 2016

	Note	**2016** **£**	2015 £
Cash flows from operating activities			
Net cash provided (used in) operating activities	*20*	**486,813**	363,557
Cash transferred on conversion	*20*	**35,937**	578,789
Cash flows from investing activities	*22*	**(280,461)**	4,302
Cash flows from financing activities	*21*	**-**	-
Change in cash and cash equivalents in the reporting period		**242,289**	946,648
Cash and cash equivalents at 1 September 2015		**1,385,973**	439,325
Cash and cash equivalents at 31 August 2016		**1,628,262**	1,385,973

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies

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

Basis of preparation

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

Cidari Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

At the balance sheet date the trust had a surplus on the Restricted Fixed Asset Fund of £24,356,914 *(2015: £24,156,767)* and a deficit on the Restricted Pension Reserve Fund of £5,163,000 *(201%: £2,861,000)*. This relates to the Local Government Pension Scheme (LGPS) funded defined-benefit pension scheme. With regards to the projections for the year ended 31 August 2016 the board of trustees is confident that, notwithstanding that liability, they are able to continue operating without any restriction and have therefore accounted for the trust on a going concern basis. The following financial forecasts have been prepared for the trust.

Financial Year Forecasts	2016/17 £000s	2017/18 £000s	2018/19 £000s
Income	12,971	13,637	13,880
Staff costs	10,009	9,913	9,958
Non staff costs	2,962	3,603	3,647
Surplus	(0)	121	275

Income

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

- **Grants**

  Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

1 **Statement of accounting policies (continued)**

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 restrict fixed asset fund

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Notes *(continued)*

Tangible Fixed Assets

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

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

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

- Long leasehold buildings 50 Years
- Fixtures, fittings and equipment 10 Years
- Office equipment 5 Years
- ICT equipment 3 Years
- Plant & Machinery 15 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.

Recognition and Valuation of Land and Buildings

The academy trust has been granted use land and buildings from the trustees at two academies. Whereas the transfers of other school properties are the subject of 125 year leases the transfers of St Aidan's and Baines from the Trustees of the respective Schools are, individually, the subject of a Transfer Agreement and a Supplemental Agreement. Neither of these documents are leases for either school and have no defined duration. The Transfer Agreements for both properties clearly stipulate that the freehold title to the properties are excluded from the arrangement and retained by the Trustees of the schools.

However, under the requirements of accounting standards and EFA guidance recognition should look beyond legal title and consider control of assets, and as a key consideration within the risks and rewards of ownership, in determining whether or not these assets should be recognised as incoming resources in the SOFA and on the balance sheet of the entity.

This is an area of judgement and alternative views may be taken as to whether control and risk and rewards have sufficiently transferred to Cidari to justify recognition.

Indicators that there has been sufficient transfer of control, risks and rewards to Cidari include:

- Cidari has the right of use (for an undefined period) in fulfilment of its objectives;
- Cidari is responsible for the cost of maintenance and insurance of the sites;
- The nature of running the schools and the investments required by Cidari demonstrate that these are a long term, rather than short term, arrangements.

Indicators that control, risks and rewards remain with the Trustees of the school include:

- Legal title is retained by the Trustees of the schools.

- The Trustees of the schools have the ability to terminate the Supplemental Agreement with two year's notice. The agreement does not state that there are any restrictions in respect of the circumstances in which such a termination could be effected by the Trustees of the schools.

Having considered the factors above the Trustees of Cidari have concluded that there is sufficient transfer of control of the assets, and therefore sufficient access to the risks and rewards of ownership, that the assets should be recognised as income resources in the SOFA and on the balance sheet. In arriving at this conclusion the Trustees of Cidari have also considered the guidance in section 8.7.4 of the Academies Financial Handbook 2016 which requires that in such an arrangement the assets should be recognised.

Liabilities

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

Provisions

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

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

Leased Assets

Rentals under operating leases are charged on a monthly and quarterly basis over the lease terms.

Transfer on conversion

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation – Profession Standards, 8th Edition published by the Royal institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standard and HM Treasury FReM interpretation.

Estimates

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.

Stock

Stock is valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Notes *(continued)*

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 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 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 benefits 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes *(continued)*

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2016 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 2016.

3 Donations and capital grants

	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total 2016	Total 2015
	£	£	£	£	£
Capital grant	-	-	**606,852**	**606,852**	208,845
Donated fixed assets					
Other donations	**5,159**	-	-	**5,159**	22,329
	5,159	-	**606,852**	**612,011**	231,174

4 Funding for the Academy Trust's educational operations

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
DfE/EFA grants				
- General Annual Grant (GAG)	-	**11,626,829**	**11,626,829**	9,718,566
- Start up grants	-	-	-	-
- Other DfE/EFA Grants	-	**492,978**	**492,978**	939,448
	-	**12,119,807**	**12,119,807**	10,658,014
Other Government Grants				
- Local authority grants	-	**514,295**	**514,295**	44,463
- Special educational projects	-	-	-	-
	-	**514,295**	**514,295**	44,463
Other income from the academy trust's educational operations	-	-	-	-
	-	**12,634,102**	**12,634,102**	10,702,477

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Nursery Fee Income	**82,750**	-	**82,750**	-
Trip Income	**39,720**	-	**39,720**	10,991
Sales Of Other Goods Services	**694**	-	**694**	45,968
Lettings Income	**9,192**	-	**9,192**	13,397
Catering Income	**83,414**	-	**83,414**	51,058
Music Services Income	**3,265**	-	**3,265**	4,112
Uniforms Income	**8,055**	-	**8,055**	-
Staff Services – Consultancy	**7,292**	-	**7,292**	26,406
Supplier Teacher Insurance	**22,049**	-	**22,049**	-
Private Funds Income	**6,968**	-	**6,968**	99,646
Sponsor Income	**2,682**	-	**2,682**	-
Other Income	**186,266**	-	**186,266**	3,966
	452,347	-	**452,347**	255,544

Other income includes income from after school club, before school club, music lessons, PHSE, children's centre and other sundry items.

Notes *(continued)*

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	**2,641**	**-**	**2,641**	3,623
	2,641	**-**	**2,641**	3,623

7 Expenditure

	Staff costs £	Premises £	Other £	Total 2016 £	Total 2015 £
Expenditure on raising funds	**44,485**	**923**	**10,366**	**55,774**	63,802
Academy Trust's educational operations					
- Direct costs	**7,802,227**	**7,985**	**1,651,839**	**9,462,051**	8,759,890
- Allocated support costs	**2,689,637**	**209,702**	**1,524,266**	**4,423,605**	3,226,295
Total	**10,536,349**	**218,610**	**3,186,471**	**13,941,430**	12,049,987

Net income/(expenditure) for the period includes:

	Total 2016 £	Total 2015 £
Operating leases	**25,698**	60,736
Depreciation	**731,323**	636,220
(Gain)/loss on disposal of fixed assets		-
Fees payable to auditor for:		
- Audit	**31,500**	28,300
- other services	**6,950**	19,970

During the financial year there was no expenditure incurred on any of the following:

- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses
- Ex-gratia payments

Details of compensation payments made to staff during the period are disclosed in note 9.

Notes *(continued)*

8 Analysis of support costs – educational operations

	Total 2016 £	Total 2015 £
Direct costs – educational operations	**9,462,052**	8,749,375
Support costs – educational operations	**4,423,605**	3,236,810
Total direct costs	**13,885,657**	11,986,185
Support costs – educational operations		
Support staff costs	**2,657,112**	1,633,913
Depreciation	**-**	-
Technology costs	**86,502**	141,198
Premises costs	**663,908**	565,662
Other support costs	**824,159**	722,090
Governance costs	**191,924**	173,947
Total support costs	**4,423,605**	3,236,810

Notes *(continued)*

9 Staff

	2016 £	2015 £
a. Staff costs		
Wages and salaries	**8,115,111**	6,973,328
Social security costs	**514,330**	491,637
Operating costs of defined benefit pension schemes	**1,399,986**	1,031,830
Total costs	**10,029,427**	8,496,795
Supply staff costs	**412,872**	347,698
Staff restructuring costs	**94,051**	45,715
	10,536,350	8,890,208
Staff restructuring costs comprise:		
Redundancy payments	**58,351**	-
Severance payments	**35,700**	45,715
Other restructuring costs	**-**	-
	94,051	45,715

b. Non statutory/non contractual staff severance payments

During the period the trust has incurred two *(2015: four)* severance payments totalling £35,700 *(2015: £45,715)* which are non-statutory/non-contractual severance payments. The individual amounts paid were £13,200 and £22,500.

c. Staff numbers

The average monthly number of staff employed within the academies during the period was:

	2016 No.	2015 No.
Teachers	**131**	114
Administration and support	**214**	179
Management	**18**	15
	363	308

Notes *(continued)*

9 Staff (continued)

d. Higher paid staff

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

	2016	2015
	No.	No.
£60,001-£70,000	7	3
£700,01-£80,000	2	3
£80,001-£90,000	3	-
£90,001-£100,000	1	1
£100,001-£110,000	-	1

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 £847,086 (2015: £621,182).

10 Related party transactions – Trustees' remuneration and expenses

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

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

L Agbettoh (Chief Executive Officer and Trustee – resigned)
Remuneration £90,000 - £95,000 (*2015: £60,000 - £65,000*)
Employer's pension contributions £5,000 - £10,000 (*2015: £5,000 - £10,000*)

D Berry (Principal of St George's School and Trustee - resigned)
Remuneration £50,000 - £55,000 (*2015: £100,000 - £105,000*)
Employer's pension contributions £5,001 - £10,000 (*2015: £10,000 - £15,000*)

G Warnock (Principal of St George's School and Trustee – appointed 20 September 16)
Remuneration 80,000 - £85,000 (2015: *Not a Trustee*)
Employer's pension contributions £10,001 - £15,000 (*2015: Not a Trustee*)

H Thomas (Principal of St Aidan's School and Trustee – appointed 11 December 2015)
Remuneration £50,000 - £55,000 (*2015: Not a Trustee*)
Employer's pension contributions £5,001 - £10,000 (*2015: Not a Trustee*)

During the period ended 31 August 2016, travel and subsistence totalling £2,998 *(2015: £122)* were reimbursed to one trustee.

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 25.

Notes *(continued)*

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Multi Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The board of trustees took out cover which expired on 4 May 2016. It included trustees and management liability up to £5,000,000 in any one period of insurance inclusive of all legal costs. The cost for the period ended 4 May 2016 was £3,927. The cost of this insurance is included in the total insurance cost.

To cover the period after the expiry date of the policy 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. It is not possible to quantify the trustees and officers' element from the overall cost of the RPA scheme.

12 Tangible Fixed Assets

	Leasehold Land and Buildings £	Fixtures and Equipment £	Under Constr'n £	Computer Hardware £	Total £
Cost or valuation					
At 31 August 2015	**23,979,665**	**312,050**	**-**	**669,939**	**24,961,654**
Additions	**634,980**	**154,254**	**-**	**100,726**	**889,960**
Disposals	**-**	**-**	**-**	**-**	**-**
At 31 August 2016	**24,614,645**	**466,304**	**-**	**770,665**	**25,851,614**
Depreciation					
At 31 August 2015	**504,321**	**40,020**	**-**	**260,546**	**804,887**
Charge for the period	**439,641**	**34,794**	**-**	**256,889**	**731,324**
Disposals	**-**	**-**	**-**	**-**	**-**
At 31 August 2016	**943,962**	**74,814**	**-**	**517,435**	**1,536,211**
Net book value					
At 31 August 2016	**23,670,683**	**391,490**	**-**	**253,230**	**24,315,403**
At 31 August 2015	**23,475,344**	**272,030**	**-**	**409,393**	**24,156,767**

13 Debtors

	2016	2015
	£	£
Trade debtors	**17,944**	26,764
VAT recoverable	**20,491**	40,429
Other debtors	**-**	33,104
Prepayments and accrued income	**439,209**	360,444
	477,644	460,741

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**510,687**	556,049
Other taxes and social security costs	**144,287**	150,571
Other creditors	**172,767**	269,706
Accruals and deferred income	**1,127,042**	496,701
	1,954,783	1,473,027

Deferred Income

Included in accruals and deferred income above	2016	2015
	£	£
Deferred Income at 1 September 2015	**136,962**	-
Released from previous years	**(136,962)**	-
Resources deferred in the year	**283,919**	136,962
Deferred income at 31 August 2016	**283,919**	136,962

At the balance sheet date the academy trust was holding funds received in advance for nursery and other grants for the autumn term 2016.

15 Funds

	Balance at 1 Sept 2015 £	Income	Expenditure £	Gains losses and transfers £	Balance at 31 Aug 2016 £
Restricted general funds					
General Annual Grant (GAG)	-	**10,520,987**	**(10,187,369)**	**(333,618)**	-
Pupil Premium	-	**1,105,842**	**(1,105,842)**	-	-
Other Dfe/EFA Grants		**492,978**	**(492,978)**		
Other Grants	-	**550,233**	**(1,207,146)**	**656,913**	-
Pension reserve	(2,861,000)	-	**(2,063,000)**	**(239,000)**	**(5,163,000)**
	(2,861,000)	**12,670,040**	**(15,056,335)**	**84,295**	**(5,163,000)**
Restricted fixed asset funds					
Transfer on conversion	23,777,133	-	**(595,617)**		**23,181,516**
DfE/EFA capital grants	138,767	**586,852**	**(9,816)**		**715,803**
Capital expenditure from GAG	240,867		**(125,704)**	**333,618**	**448,781**
Private sector capital sponsorship	-	**20,000**	**(186)**	-	**19,814**
	24,156,767	**606,852**	**(731,323)**	**333,618**	**24,365,914**
Total restricted funds	21,295,767	**13,276,892**	**(15,787,658)**	**417,913**	**19,202,914**
Total unrestricted funds	373,687	**460,147**	**(55,773)**	**(656,913)**	**121,148**
Total funds	21,669,454	**13,737,039**	**(15,843,431)**	**(239,000)**	**19,324,062**

The trust is carrying a nil balance on restricted general funds (excluding pension reserve) plus a surplus on unrestricted funds.

Restricted General Funds

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

Notes *(continued)*

15 Funds (continued)

General Annual Grant (GAG)

Funds received from the EFA are applied to the charitable activities of the trust as defined in the finding 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 2016. 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 increased to £5,163,000 *(2015: £2,861,000)*. The charge to the Income & Expenditure Account in the year was £161,000 *(2015: £105,000)* and other recognised losses were £1,902,000 *(2015: loss of £45,000)*.

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.

Notes *(continued)*

16 Analysis of Net Assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	**(50,511)**	**-**	**24,365,914**	**24,315,403**	24,156,767
Current assets	**2,126,442**	**-**	**-**	**2,126,442**	1,846,714
Current liabilities	**(1,954,783)**	**-**	**-**	**(1,954,783)**	(1,473,027)
Pension scheme liability		**(5,163,000)**	**-**	**(5,163,000)**	(2,861,000)
Total net assets	**121,148**	**(5,163,000)**	**24,365,914**	**19,324,062**	21,669,454

17 Commitments under operating leases

Operating leases

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

	2016 £	2015 £
Amounts due within one year	**43,381**	56,367
Amounts due between one and five years	**156,591**	157,549
Amounts due after five years	**98,837**	129,178
	298,809	343,094

18 Capital Commitments

	2016 £	2015 £
Contracted for but not provided in the financial statements	-	-

Notes *(continued)*

19 Members' Liability

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

20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2016	2015
	£	£
Net Income/(expenditure) for the reporting period	**(204,392)**	9,149,124
Adjusted for:		
Cash transferred on conversion	**(35,937)**	(578,789)
Voluntary income – fixed assets transferred on conversion	**-**	(9,427,504)
Depreciation (note 12)	**731,323**	636,220
Capital Grants from DfE and other capital income	**(606,852)**	(208,845)
Interest receivable (note 6)	**(2,641)**	(3,623)
Defined benefit pension cost less contributions payable (note 24)	**13,000**	28,000
Defined benefit pension scheme finance costs (note 24)	**148,000**	77,000
Increase in stocks	**(20,536)**	-
Increase in debtors	**(16,903)**	(274,266)
Increase in creditors	**481,751**	966,240
Net cash provided by /(used in) Operating Activities	**486,813**	363,557

21 Cash flows from financing operations

	2016	2015
	£	£
Repayments of borrowing	**-**	-
Cash inflows from new borrowing	**-**	-
	-	-

22 Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	**2,641**	3,623
Payments to acquire tangible assets	**(889,954)**	(208,166)
Capital Grants from DFE and others	**606,852**	208,845
Net expenditure on capital expenditure	**(280,461)**	4,302

23 Analysis of cash and cash equivalents

	Opening balance £	Cash Flows £	Closing balance £
Cash at bank and in hand	1,385,973	**242,289**	**1,628,262**
Total cash and cash equivalents	1,385,973	**242,289**	**1,628,262**

Notes *(continued)*

24 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. Both are multi-employer defined benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the year ended 31 August 2016 and of the LGPS 31 March 2013

Contributions amounting to £143,275 (*2015: £111,662*) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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

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

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

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

The employers pension costs paid to TPS in the period amounted to £1,263,392 *(2015: £1,017,306)*.

Notes *(continued)*

24 Pension and similar obligations (continued)

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £595,000 *(2015: £415,000)*, of which employer's contributions totalled £459,000 *(2015: £312,000)* and employees' contributions totalled £136,000 *(2015: £103,000)*. The agreed contribution rates for future years range from 12.1 to 12.6 per cent for employers and 5.5 to 12.5 per cent for employees. Revised contribution rates will be determined as part of the 2016 actuarial valuation of the Fund and come into effect from 1 April 2017.

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

	As at 31 August 2016 %	As at 31 August 2015 %
Rate of increase in salaries	**3.4%**	3.8%
Rate of increase for pensions in payment/inflation	**2.0%**	2.3%
Discount rate for scheme liabilities	**2.2%**	4.0%
Inflation assumption (CPI)	**1.9%**	2.3%
Commutation of pensions to lump sums	**N/A**	N/A

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	23.0	22.9
Females	25.6	25.4
Retiring in 20 years		
Males	25.2	25.1
Females	27.9	27.8

Notes *(continued)*

24 Pension and similar obligations *(continued)*

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity Instruments	**790**	334
Debt Instruments	**51**	79
Property	**194**	89
Other	**1,011**	471
Total market value of assets	**2,046**	973

The actual return on scheme assets was £347,000 *(2015: £17,000).*

Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	**472**	340
Net interest cost	**116**	116
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	**32**	(39)
Total operating charge	**620**	417

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £2,104,000 loss *(2015: loss of £202,000).* Current year actuarial loss is £1,902,000 *(2015 £45,000)*

Notes *(continued)*

24 Pension and similar obligations *(continued)*

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

	2016 £000	2015 £000
At 1 September	**3,834**	1,668
Current service cost	**463**	340
Interest on pension liabilities	**173**	116
Employee contributions	**136**	103
Actuarial (gain)/loss on liabilities	**2,193**	23
Benefits/transfers paid	**(26)**	(58)
Plan introductions, benefit changes, curtailments and settlements	**436**	1,642
At 31 August	**7,209**	3,834

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

	2016 £000	2015 £000
At 1 September	**973**	393
Interest Income	**57**	-
Return on plan assets (excluding net interest on the net defined pension liability)	**-**	39
Actuarial (gain)/loss on liabilities	**291**	(22)
Employer contributions	**459**	312
Employee contributions	**136**	103
Benefits paid	**(26)**	(58)
Service Costs	**9**	-
Plan introductions, benefit changes, curtailments and settlements	**165**	206
At 31 August	**2,046**	973

Summary of academy's experience in the scheme

	2016 £000	2015 £000
Present value of defined benefit obligations	**(7,209)**	(3,834)
Fair value of academy's share of scheme assets:	**2,046**	973
Deficit in the scheme	**(5,163)**	(2,861)

Notes *(continued)*

25 Related party transaction

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 £180,327 *(2015: £399,035)* 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 2016 £366,237 *(2015: £343,373)* was due to the Blackburn Diocesan Board of Education. All transactions were made in accordance with the trust's financial regulations.

26 Events after the balance sheet date

There were no significant transactions after the balance sheet date.