



The Cedars Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

**Year ended
31 August 2017**



**Patron of Cedars
Academy Trust**

Paralympic Gold Medalist
Stephen Miller BSc(Hon) FRCGS



Company Registration No:
08168042 (England and Wales)

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Trustees

Mrs G Morton (Chair)
Mr G Neale (Vice Chair)
Mr M Flowers (Accounting Officer)
Mrs M O'Reilly
Mr J McCabe
Mr S Kay
Ms M Hall
Miss T Higgins
Miss R Miller
Mrs J Vincent
Mr P Hils (appointed 08/2017)
Mrs L Miller (appointed 02/2017)
Mr N Kidwell (resigned 12/2016)

Members

Mr A Elder
Mr G Neale
Mrs J Vincent

Senior Management Team

Headteacher
AHT Teaching & Learning KS1&2
AHT Teaching & Learning KS3
AHT Teaching & Learning KS4&5
AHT Access to Learning
AHT Access to Learning
AHT Post 16 & BPDM

Mr M Flowers
Mrs J Carr
Mr D Hearne
Mrs M O'Reilly
Mrs E Neale
Mr K Vincent
Mrs J Vincent

Company Registration Number

08168042 (England and Wales)

Registered Office

Ivy Lane
Low Fell
Gateshead
Tyne & Wear
NE9 6QD

Independent Auditors

Mazars LLP
Salvus House
Ayckley Heads
Durham
DH1 5TS

Bankers

Lloyds Bank
5th Floor 102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Jackson Law
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

Cedars Academy Trust – Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, Governance and Management

Constitution

The Academy Trust was incorporated on 3rd August 2012 and is a company limited by guarantee and an exempt charity, 8168042. The company commenced operation as an Academy on 1st September 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The articles of association require the members of the Charitable Company to be responsible for the statutory and constitutional affairs of the charitable company and management of the Academy.

The trustees act as trustees for the charitable activities of Cedars Academy and are also known as the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Cedars Academy Trust.

Details of the trustees who served throughout the period between 1st September 2016 and 31st August 2017, except as noted, are included in the Reference and Administrative Details on Page 2.

Members' liability

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Special Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Special Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Special Academy Trust shall be indemnified out of the assets of the Special Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favor or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Special Academy Trust.

Method of recruitment and appointment or election of trustees

Membership is determined in accordance with the composition set out in the memorandum and articles. This states that the Academy Trust composition is comprised as follows:

The number of trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64, the Academy Trust shall have the following trustees:

- Up to 10 Trustees, appointed under Article 50;
- Any Staff Trustees, if appointed under Article 50A;
- Up to 1 LA Governor if appointed under Article 51
- a minimum of 2 Parent Trustees appointed under Articles 53-58;
- the Headteacher;
- up to 3 Co-opted Trustees if appointed under Article 59
- any Additional Trustees, if appointed under Article 62, 62A or 68A;
- any Further Trustees, if appointed under Article 63 or Article 68A
- The Special Academy Trust may also have any Co-opted Governor appointed under Article 59.

Future Trustees shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Governor to be appointed or elected due to the fact that an Academy has not yet been established or the Headteacher has not been appointed, then the relevant Article or part thereof shall not apply.

Appointment of Trustees

- The Members may appoint up to 10 Trustees.
- The Members may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Headteacher) who are employees of the Special Academy Trust does not exceed one third of the total number of Trustees.

- The LA may appoint the LA Governor
- The Headteacher shall be treated for all purposes as being an ex officio Governor.
- Subject to Article 57, the Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

Co-opted Trustees

The Trustees may appoint up to 3 Co-opted Trustees. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Special Academy Trust as a Co-opted Governor if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Headteacher).

Policies and procedures adopted for the induction and training of trustees

Induction and training is arranged through a service level agreement with Gateshead Board of trustees clerking service.

Organisational Structure

The Academy's unified management structure consists of the Trustees and the Senior Leadership Group [SLG], defined within three main sub committees; Curriculum and Pupils, Finance & Staffing and Business & Partnership Development Group.

The trustees are responsible for determining general policy, adopting an annual School Improvement Plan following a self-evaluation review, monitoring the practices and procedures adopted by the Special Academy, determining strategic direction of the Academy, capital expenditure and senior staff appointments.

The SLG consists of the Headteacher, AHT Teaching & Learning KS1&2, AHT Teaching & Learning KS3, AHT Teaching & Learning KS4, AHT Post 16/BPDM, AHT Access to Learning.

The SLG controls the Academy at an executive level, implementing the policies laid down by the trustees and reporting back to them. The SLG and trustees are responsible for the authorisation of spending with agreed budgets and appointment of staff as stated in the finance handbook.

The Academy Business, Partnership and Development Manager (BPDM) is responsible for the management of the financial systems and ensuring efficient and effective use of resources. The Head Teacher and SLG are responsible for the authorisation of spending up to agreed limits as stated in the Financial Handbook. The Academy Administration and Facilities Manager is responsible for the efficient operation of the school office.

The Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Board of trustees will determine those posts that have substantial strategic responsibilities for school leadership. These will comprise the Leadership Group and include the Head Teacher, Deputy Head Teacher(s), Assistant Head Teacher(s) and Leading Practitioner(s).

The Finance and Staffing Committee will establish, and recommend to the whole Board of trustees for approval, the appropriate pay ranges for members of their Leadership Group. The pay award must be in line with the academies Pay and Conditions document.

Related parties and other connected charities and organisations

Trustees have declared business interests to date and where trustees have declared an interest, procedures are in place to address this. The school have adopted a policy that if there are any interests declared the governor would remove themselves from the decision making process.

Cedars has a number of relationships with related parties and any other charities/ companies/ organisations with which it cooperates in the pursuit of shared charitable activities; representatives of these partners sit on our Board of trustees.

These core partners play a significant role in governance and in meeting our wider aims:

- SMILE Through Sport: increases Cedars capacity in the organisation, support and delivery of PE and Disability Sport across the region;
- Gateshead Autism Group (GAG): provides enhanced information, advice, guidance and advocacy to parents/carers and other professionals/organisations working with young people and adults with autism;

- SOFA (Supporting Opportunities For All): provides access to a variety of vocational and personal development opportunities, work placements, training & FE pathways, advocacy
- arrangements, life skills improvement, support and social networks;
- WinG (Way Out In Gateshead): provides CPD, leadership training and accreditation opportunities, leadership and employment pathways and access to wide range of challenging activities and experiences. Learning outside the classroom can take place in many locations, from the school grounds to Hadrian's Wall, to the highlands of Scotland, or further to the ski slopes of the Alps.

Strategic Report - Objectives and Activities

The principal objective and activity of the charitable company is the operation of Cedars Academy to provide education for pupils of different abilities between the ages of 3-19. In accordance with the Articles of Association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education.

Mission Statement

Our aim is to provide a caring but challenging environment where adults and children feel valued and secure and to provide an education which promotes the growth and development of each individual in our care. Ours is a community of learning, where secure partnerships create opportunities for students, staff, trustees, parents and carers alike to participate and grow to become intellectually, emotionally and socially fit for life.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance and public benefit. The pupils who attend live in and around the borough, with some out of borough pupils also attending.

Cedars Academy offers all pupils a broad and balanced curriculum. Our curriculum is highly individualised, responsive and rich; it is focused on the promotion of communication, emotional development, resilience, and the development of personal and social skills. We place a significant emphasis on enrichment and activity, its positive impact on developing independence, cognitive functioning, emotional literacy, physical & mental health and self-esteem.

As students' progress through school the focus is on preparation for an extensive range of accredited routes and transition into a range of routes into FE, training or employment.

Public benefit

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

Principal Activities

- the school provides education for pupils of different abilities, with additional (special educational) needs
- the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broad curriculum)
- the school provides education for the pupils who are drawn from the broader area of Gateshead
- the school will be at the heart of the community, promoting community cohesion and sharing facilities with other schools and the wider community

Pupil Characteristics

In September 2017 the school will have 167 pupils on roll, including twenty seven students in 6th form; our highest number of students, and a rising trend. 23% of school population are girls. The number of students:

- with English as addition language is 10
- who are Looked After Children (pupils adopted from care) is 5
- who are eligible for free school meals is 64 (38%)
- who are transported to school is 96 (57%) with parents/independent is 71 (43%)

The majority of pupils have a moderate learning difficulty combined with specific communication difficulties, and many of our pupils have associated difficulties such as Attention Deficit Hyperactivity Disorder (ADHD), Dyslexia, or other specific Learning Difficulties:

Primary Need (Banding Allocation) identified as:

- 10% Sensory, Physical or Medical need
- 15% Social, Emotional and Mental Health need
- 9% Communication, Interaction need
- 33% Autistic Spectrum Condition

- 33% Cognition & Learning need

2016-2017 Core Targets

- Communication, reading, writing, accessibility to print and numeracy across the curriculum will continue to be our whole school development focus
- To have higher expectations and greater rigour in monitoring and analysis, in order to achieve, share and sustain highly effective practice throughout the school
- To respond to what, how and when children are learning and have clear expectations and rigour in monitoring and analysis
- That we better respond to individual learning and emotional need; where interventions and strategies break down barriers to learning, enable better outcomes, and where families receive the support they need
- The Leadership Model will have a flatter structure, be transformational and distributed across the school. This will increase our ability to set and establish new and innovative working practices and to grow leadership of change in others
- To ensure that the business model and partnership development offers support and diversity, attracts more and different funding, improves service delivery, enhances educational opportunities, allows creativity & risk responsibility and allows resources to be distributed equitably

Achievements and Performance

Cedars Academy creates a tailored and individualised approach for pupils, where personalised learning is the key. Cedars academy meets the emotional needs of complex pupils through specific and targeted intervention led by Access to Learning. In providing specific school-based interventions, we have some form of pre- and post- assessment to evaluate that these interventions have really supported a positive change for the pupils in the area of behavioural, emotional and social development and that, consequently, resources have been well spent. Measures of mental health and psychological well-being (resilience and distress) indicate positive impact for targeted individuals.

Cedars Academy Trust has kept its staffing structure under review and deployed staff efficiently to support an improved curriculum, particularly with respect to target areas of reading, writing, communication and mathematics across all subject areas. The curriculum for Key Stage 1&2 pupils has a strong focus on the promotion of Literacy, Numeracy, social communication and emotional development and resilience. At Key Stage 3&4, whilst the focus remains on Literacy and Numeracy, students embark on a range of accredited courses that lead to Entry Level Certificate, Functional Skills, BTEC, GCSE and A Levels in a range of subjects. We also promote practical and independence skills, so that pupils can gain qualifications and become prepared for life after school. At Key Stage 5 the curriculum is focused on preparing students for the next transition in their learning career, with independence, economic well-being and employability skills at the core.

As a Specialist Sports College we have acted as a local point of reference for other schools, colleges and organisations in the area, with an emphasis on enabling access for all and promoting sports development for young people with disabilities or learning difficulties, both within the local community, and at a national level. We play a key role in Tyne and Wear Disability Sport Competition Structure and Inclusion CPD, The Innovation Project and Community and After School Programme Support. Our strong links with national bodies in Sport, particularly EFDS and DSE ensures that Cedars has the capacity to increase opportunities for young people in regional and national competitions and events; it provides a portal for employment opportunities in sport and leisure and supports links to National Governing Bodies of Sport.

We have established a social enterprise partnership with Supporting Opportunities For All (SOFA). Through this partnership we provide opportunities for learners aged 16+ with learning difficulties or a disability to progress through a variety of vocational applications, offering valuable work placements, training pathways, advocacy arrangements, support and social networks. We bring access to real training and employment; increased capacity for advocacy & support to young people and their parents/carers; pathways and progression routes via training and employment for young people; and raised aspirations via positive role models and opportunities for personal development.

The Academy works well with parents, including those who might find working with the school difficult, to achieve positive benefits for pupils. Successful research has been undertaken to find the most cost efficient and acceptable way of increasing staff, parent and pupil access to the school's computer systems to retrieve information, data and still ensure security. Initiatives such as family picnic and funders fair, parent support and advice groups for autism (CAPS and GAG), links to services such as Independent Support for Carers and Parents and other NE parents support services and regular parent coffee meetings ensure that parents have opportunities to meet with each other to develop information, advice and support networks. A well-established parents group and newer Parent Council play significant roles in whole school initiatives.

Cedars Academy Trust – Trustees' Report

Staffing restructure has enabled leadership to be distributed amongst an increasingly more skilled and empowered staff. Vital to the academy's success is the ability to transform, both as a response to changing needs of pupils and to local and national pressures. Cedars Academy has further developed our capacity and concept of our staff as leaders of change and this has led to a more distributed model of leadership and responsibility across the Academy.

Excellent partnerships with a range of agencies promote significant achievement. This is exemplified in the personalised programmes of learning for post-16 Cedars' students arranged in partnership with GATES, Project Choice, Thrive, SOFA and local FE colleges; courses and activities are carefully considered to match the profile of learning need of each student to ensure they are successful at the next stage of learning.

Key Performance Indicators

Most of the Academy's income is received from the Education & Skills Funding Agency (ESFA) and the Local Authority (LA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA and LA during the period ended 31st August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on [page 20](#). Details of all grants and income received can be found in SOFA [notes 2 to 25](#).

During the period ended 31st August 2017 expenditure amounting to £2,596,156 was incurred or accrued, including depreciation. This was offset by grants receivable from the ESFA, the Local Authority, Youth Sport Trusts and income from the afterschool clubs used to ensure this business is sustainable.

At 31st August 2017 the net book value of fixed assets was £4,787,753. The assets were used to exclusively to provide education and associated services to the students of the Academy.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future.

Cedars Academy Business Partnership and Development Group are taking the lead in putting together the plans for buildings development. As the plans emerge the group will begin to provide more information and steer the consultation process.

For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial review

The Academy made operating loss in the period 1st September 2016 to August 31st 2017 of £15,032 on unrestricted funds and an operating profit of £18,137 on restricted general funds, before adjusting for the Local Government Pension Scheme deficit movement of £355,000 and transfers to fixed assets of £547,520. Fund balances held at 31st August 2017 were £4,568,610 comprising restricted reserves of £4,402,286 and unrestricted reserves of £166,325.

Total income in the period was £2,411,592 of which £1,262,443 came from the ESFA revenue grants and £1,118,422 from other government grants. As the majority of the grant income is generated by pupil numbers it is imperative to ensure that pupil numbers remain high, vacancies are filled and that the school maintains its pupil numbers.

Implementation

The Academy will construct such budgets and cash flow forecasts as are required by legislation to ensure the viability and sustainability of the activities of the academy. From time to time, operational and strategic decisions related to the education of students at Cedars Academy will result in substantial cash balances at the bank over a sustained period. These periods are identified by the Academy Business & Partnership Development Manager as part of their normal forecasting activity and, when identified, will result in the Academy making an investment in accordance with any guidance provided in the Academy's Financial Handbook.

Prior to investing funds the Headteacher and Finance and Staffing Committee must be satisfied that the cash flow predictions provided by the Academy Business & Partnership Development Manager are accurate and that the amount and time period of the investment will not compromise the viability and sustainability of the activities of the academy.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to the "Risk that the return on investments is not being maximised" and "Risk that trustees are not acting in accordance with their Investment Policy (e.g. investing in high risk investments which are not in the best interests of the Academy)".

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Reserves policy

The Board of trustees is responsible for determining the level of financial reserves to be carried forward at the end of any financial period (31st August).

The Board of trustees has delegated the monitoring of potential period end reserves to the Finance & Staffing/ Audit Committee as part of their terms of reference.

The Board of trustees will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant [GAG] income and other grants. The Board of trustees will consider the improvement plan for capital developments required.

The Board of trustees will always try to match income with expenditure in the current period and will only carry forward reserves that it considers are necessary for future period's expenditure. The Board of trustees may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

Free reserves at 31 August 2017, representing both restricted and unrestricted funds, amounts to £366,858. The balance is considered to be an adequate level of reserves.

Investment policy and powers

The Academy has an approved Investment Policy and if the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need Board of trustees approval.

The aim of this policy is to ensure that funds which the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the school's income but without risk. Our aim is to spend the publicly funded monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

Principal risks and uncertainties

The Academy maintains a risk register which is reviewed by the Health & Safety Officer to ensure that satisfactory arrangements are in place to manage risk. There is an annual review of all risk management issues led by various staff e.g. Headteacher, Health & Safety Officer and Administration and Facilities Manager as well as teaching staff; there is ongoing review in response to situations or new legislation or information.

The Academy considers all risks and the trustees have implemented a number of systems to access risks that may impact the Academy, particularly operational areas, eg in relation to teaching, management of IT security, safeguarding, health & safety, including educational visits and in relation to the control of finance. The trustees are satisfied that systems are in place to mitigate exposure to major risk.

Financial and Risk Management Objectives and Policies

The Trustees recognise that the LGPS pension deficit, which is set in the pension note 22, represents a significant liability. However, the Trustees consider that the Academy is able to meet its liabilities in respect of paying its annual contributions for the foreseeable future, this risk from this liability is minimised.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only with Lloyds TSB who are the current banking providers for the school. The Academy Business & Partnership Development Manager will seek approval from the Finance & Staffing Committee

(F&S) before investing such funds and will provide a statement on any monies invested to the F&S Committee at their regular termly meetings. Periodically (at least every 3 months) the Academy Business & Partnership Development Manager will review the interest rates being achieved and will compare with other investment opportunities to ensure the investment funds are delivering value for money.

The Academy Business, Partnership Development Manager shall take independent financial advice for any fixed term investment for a period longer than six months in line with the Articles of Association 5 (m) and (n), and observe any guidance in the Academies Financial Handbook. In addition these investments shall be restricted to ones that guaranteed return of capital rather than any equity based investment. All investments must be authorised by the Headteacher, Academy Business, Partnership & Development Manager and be approved by the F&S Committee.

Plans for Future Periods

Key Objectives & Future Direction

- To strengthen the Trust Executive Team to support the changes occurring across the disability sector and in line with our business plan and new strategic objectives: establish Cedars Charitable Trust
- To provide greater personalisation in the provision of health, social care and education services allows for more choice and greater control by individuals
- To increase parental voice, improved Parent/Family Support and the development of the Family Team
- Improved Educational & Pedagogical Partnerships in based on the principles of sharing outstanding practice in all areas of Special Educational Needs with other establishments and wider partners
- Employing Strategic Thinking to all our services to ensure that the business model and partnership development offers support and diversity, attracts more and different funding, improves service delivery, enhances educational opportunities
- To provide quality additional accommodation to accommodate our growing population and increased scope of provision: to include sports hall and sports facilities buildings development

Post 16 Education

- To raise awareness of the college and our unique personalised education and training programmes
- To work closely with our a range of providers to develop a post 16 strategy that will provide a learner journey from 0-25 years
- Develop an inter-agency approach and work in partnership with a range of agencies to ensure the smooth transition of young disabled people from school into training or employment opportunities in our local community
- To work collaboratively across the region to ensure access for students to the excellent range of specialist facilities and expertise

Sports Academy

- To provide specialised sporting facilities to accommodate our growing population
- Continuing to build on our profile as a Regional Centre of Excellence for Disability Sport
- To further develop our training program to support widening inclusive practice
- Work with other providers to support them to provide inclusive competition and strengthen entry and exit pathways to school games and regular participation
- Showcase what can be achieved through sharing good inclusive practice, use of role models, allowing and supporting young people to lead the way

Social Enterprise Project: be inspired to...

- Development of a Community Led Digital Media Hub & Art/Craft Retail Outlet
- Developing a resource which allows others to find local support groups not only for the individual but wider family members
- To strengthen the lines of communication within the community and widen people's horizons to the possibility of new links and partnerships

Banks

If a bank or building society authorised by the Financial Services Authority (FSA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £85,000 of an eligible depositors claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FSA.

Auditor

Cedars Academy Trust – Trustees' Report

In so far as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20/03/18 and signed on its behalf by:



Mrs G Morton
Chair

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring Cedars Academy 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 Headteacher, 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 Cedars Academy 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. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Mrs G Morton (Chair)	3	3
Mr G Neale (Vice Chair)	3	3
Mr A Elders	2	3
Mr M Flowers (Accounting Officer)	3	3
Mrs M O'Reilly	3	3
Mr J McCabe	3	3
Mr S Kay	3	3
Ms M Hall	3	3
Mrs L Miller	2	2
Miss T Higgins	2	3
Miss R Miller	1	3
Mrs J Vincent	3	3
Mr P Hils	2	2

Governance Reviews

All members of the board of trustees participate in an audit of skills. The audit is a useful way of assessing the skills, knowledge and experience of the board of trustees. The board of trustees use it to identify training needs and when recruiting new governors. The board of trustees uses the results of the skills audit to help identify any skills and knowledge they still need to deliver our functions- particularly the core functions – effectively. It is understood that no individual is going to have all the skills listed in the audit. The board of trustees is a team and the purpose of the audit is to ensure that each of the skills below are covered by at least one trustee. This helps to produce a skills matrix in which governors' responses can be collated. If there are any gaps, these can be filled when recruiting new governors or training existing governors as part of an extensive training programme for trustees.

Key changes in the composition of the board of trustees

Two new appointed parent trustees, representing the newly formed Parent Council: Lisa Miller & Paul Hills

Coverage of its work

The Trustees at Cedars Academy are committed to providing the best possible provision for pupils with learning difficulties and disabilities. We aim to develop our prime function, drive forward the inclusion and equity agenda and lead to development of the academy's role as a hub, a resource for wider SEN provision in Gateshead, a centre of excellence and, primarily, a provider of learning, training and employment pathways for young people with SEN.

Going forward we will focus on five key priorities:

1. Strengthening management and leadership potential throughout our staff and colleagues
2. Deepening our understanding of effective practice and improving the delivery of our high quality services to make a real difference
3. Building strong relationships and working closely with our partners which include parents, commissioners, our supporters and our staff
4. Seeking out opportunities to expand our business model to ensure more people are aware of us and, understand us and can access our services
5. To provide additional, high quality accommodation for our growing population at our two sites

The board's performance, including assessment of its own effectiveness and any particular challenges that have arisen for the board

In our recent Ofsted Inspection (September 2017) it was found that the overall effectiveness of leadership and management was GOOD.

Key findings from the inspection report:

- Trustees and the Headteacher set a clear, strong direction to provide high-quality education and care for all pupils.
- Trustees and the Headteacher have a well-articulated vision to provide high-quality, relevant learning in a safe environment that promotes pupils' well-being and personal development.
- Trustees work closely with school leaders. They have a good understanding of the school's strengths and areas for improvement.
- Trustees promote pupils' development and learning. They ensure that there is a coherent strategic plan for the school's future health and development by: – keeping a sharp eye on how well pupils develop personally and acquire important basic skills, by scrutinising information and through their own visits – ensuring that the arrangements to safeguard pupils are kept up to date and remain a key focus for the school – reflecting on the effectiveness of the school's leadership structure and amending it to best promote further growth towards the school's strategic priorities.
- Trustees and staff are well informed about risks to pupils' safety and keep a sharp eye out for any signs of abuse or neglect. They know what to do if they have a concern.
- Trustees and leaders ensure that the personal development programme provides frequent opportunities for pupils to learn how to identify and manage risks to their safety, including the safe use of digital technologies.

Challenges:

Trustees now need to check, with the same detailed precision, that their ambitions for pupils are being equally well realised in all subjects, as they are in English and mathematics.

To work closely with the LA Commissioning Service and a growing range of providers and to develop a post 16 strategy and funding model that will provide a learner journey from 16-25 years. Information about the quality of the data used by the board, and why the board finds it acceptable

Evidenced in our most recent Ofsted Inspection and supported by the findings of our School Improvement Partner:

- Leaders and staff share a common determination to do the best for all pupils. They bring the school's vision to life. As a result, pupils flourish and achieve well. The school's ambition for its pupils helps it continue to thrive and improve quickly.
- Leaders maintain an unerring focus on pupils' safety and how they can best safeguard pupils. Policies and practices are kept up to date through regular training. As a result, staff are knowledgeable and vigilant at all times for any sign of abuse or neglect.
- Determined that pupils, whatever their background, should flourish and achieve well, leaders make effective use of the additional funding available through the pupil premium
- Leaders make effective use of the additional funding for pupils with low attainment on entry to key stage 3.
- Additional funding to support high-quality learning experiences in physical education in the primary phase is used effectively.
- Leaders have put in place additional resources to improve attendance

The Finance & Staffing Committee is a sub-committee of the main board of trustees. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure outstanding sustainable provision. It also stands as the Audit Committee. Attendance at meetings during the year was as follows:

Trustee	Meetings Attended	Out of a possible
Mrs G Morton (Chair)	3	3
Mr G Neale (Vice Chair)	3	3
Mr M Flowers (Accounting Officer)	3	3
Mr S Kay	3	3
Ms M Hall	3	3
Mrs R Miller	1	3
Mrs J Vincent	3	3
Mr P Hils	2	2

Review of value for money

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

- Cedars is a learning community that is highly effective in promoting pupils' spiritual, moral, social and cultural development, and their physical well-being
- Families, pupils and staff have an overwhelmingly positive and supportive view of school
- Student's behaviour is exceptionally good; they feel safe and are thoughtful and considerate to each other and to staff; they like school and have a positive attitude to learning
- Access to learning plays a key role in ensuring that the most complex pupil's needs are addressed; strategies and interventions are highly effective in reducing incidents and helping pupils manage their own behaviour
- Teaching has improved through clear and focused T&L driven initiatives; targeted CPD supports and challenges and there is an increasing number of areas of highly effective practice across the school
- Students achieve well across all key stages and in a wide range of subjects including reading, writing, communication and mathematics
- On exit students are well prepared for the next stage in education, training or employment
- The leadership team and trustees are highly effective and have capacity for sustained and substantial development; staff are fully committed to moving the school forward and the change that has been necessary; there is significant capacity and a resilient team to ensure that the development of the school continues
- The GB and our core partners provide highly effective support in delivering the Academy's aims, objectives and development plans
- Development plans extend the key priorities of the school; accountability and responsibility for implementing them is distributed across staff; all teachers are considered leaders and managers of change

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 Cedars Academy Trust for the period 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal financial control is based 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 and staffing committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- Identification and management of risks

The board of trustees' has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The board of trustees has ensured that checks are carried out in the current period on:

Cedars Academy Trust – Statement of Regularity, Propriety & Compliance

As accounting officer of Cedars Academy I have considered my responsibility to notify the Academy Trust board of trustees and the Education Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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 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 2016.

In relation to the year to 31 August 2017, a number of regularity breaches have been identified which are explained below. In my opinion none of the individual items below represent material breaches but represent a material breach in aggregate. The identified breaches are:

- The academy's 2015/16 financial statements are not available on the website;
- There is no formal record of when board of trustees have met;
- There is a lack of financial monitoring and controls;
- It is academy policy to demonstrate that value for money is sought on all purchases, for example purchases over £50k must receive three tenders and approval by full governing body – for the addition we have tested as part of fixed assets audit work, there is no evidence that three quotes have been sought;
- There is no evidence of full board of trustees approving balanced budget;
- We are unable to find the register of business and pecuniary interests of members, trustees, local governors and accounting officers on the website;
- There is no evidence of governors meetings so the academy is unable to demonstrate sufficient rigour and scrutiny in the budget management process and addressing variances between budget forecasts and actual income and expenditure;
- There is no evidence of monitoring of capital projects;
- There is no formal documentation in place appointing Mazars as auditor; and
- The academy has failed to meet deadlines for submission of signed audited financial statements due to ESFA by 31 December 2017, publication of signed audited financial statements on the website by end of January following financial year to which the financial statements relate, Annual Accounts Return due to be submitted by 19 January 2018 and notification of resignation of previous auditors.

In the case of all breaches noted above, significant work has been undertaken to promptly rectify matters once they have been identified.

I confirm that other than the items reported above, no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.


Mr M Flowers
Accounting Officer

- review of accounts and reconciliations
- testing of purchases systems
- testing of income systems
- testing of payroll systems
- review of operation of bank accounts
- review of management of data
- review of corporate governance
- review of risk management

The checks are reported to the board of trustees through the finance and staffing committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control.

During the period in question the review has been informed by:

- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 20/03/18 and signed on its behalf by;



Mrs G Morton
Chair


Mr M Flowers
Accounting Officer

Cedars Academy Trust – Statement of Trustees' Responsibility

The Trustees (who act as trustees for charitable activities and are also directors of Cedars Academy for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with Annual Accounts Direction issued by the Education and Skills Funding Agency applicable law, 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 period, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the 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 Statement of Recommended Practice [SORP] 2015 and the Academies Accounts Directive 2016 to 2017
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the board of trustees on 20/03/18 and signed on its behalf by:



Mrs G Morton
Chair

We have audited the financial statements of The Cedars Academy Trust ("the 'trust'") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Craig Manson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Cedars Academy Trust – Independent Reporting Accountant’s Assurance Report on Regularity to the Governing Body of The Cedars Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Cedars Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Cedars Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Cedars Academy Trust and the ESFA those matters we are required to state to it 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 Cedars Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Cedars Academy Trust’s accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of The Cedars Academy Trust’s funding agreement with the Secretary of State for Education dated 30 December 2014 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them:

- The academy’s 2015/16 financial statements are not available on the website;
- There is no formal record of when board of trustees have met;
- There is a lack of financial monitoring and controls;
- It is academy policy to demonstrate that value for money is sought on all purchases, for example purchases over £50k must receive three tenders and approval by full governing body – for the addition we have tested as part of fixed assets audit work, there is no evidence that three quotes have been sought;
- There is no evidence of full board of trustees approving balanced budget;
- We are unable to find the register of business and pecuniary interests of members, trustees, local governors and accounting officers on the website;
- There is no evidence of governors meetings so the academy is unable to demonstrate sufficient rigour and scrutiny in the budget management process and addressing variances between budget forecasts and actual income and expenditure;

Cedars Academy Trust – Independent Reporting Accountant’s Assurance Report on Regularity to the Governing Body of The Cedars Academy Trust and the Education and Skills Funding Agency

- There is no evidence of monitoring of capital projects;
- There is no formal documentation in place appointing Mazars as auditor; and
- The academy has failed to meet deadlines for submission of signed audited financial statements due to ESFA by 31 December 2017, publication of signed audited financial statements on the website by end of January following financial year to which the financial statements relate, Annual Accounts Return due to be submitted by 19 January 2018 and notification of resignation of previous auditors.

Craig Manson
Mazars LLP
Date

Cedars Academy Trust – Statement of Financial Activities

Statement of Financial Activities for the year ended 31 August 2017

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	(Restated) Total 2016
		£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	4	0	9	13	22
Charitable activities:						
Funding for the academy trust's educational operations	3	0	2,381	0	2,381	2,196
Other trading activities	4	9	9	0	17	18
Investments	5	1	0	0	1	1
Total		14	2,389	9	2,412	2,238
Expenditure on:						
Raising funds	6	0	0	0	0	29
Charitable activities - Academy trust educational operations	7	29	2,371	211	2,611	2,304
Total		29	2,371	211	2,611	2,333
Net income / (expenditure)		-15	18	-202	-199	-96
Transfers between funds	14	0	-548	548	0	0
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	14	0	355	0	355	-583
Net movement in funds		-15	-174	345	156	-679
Reconciliation of funds						
Total funds brought forward		181	-211	4,442	4,413	5,091
Total funds carried forward		166	-385	4,788	4,569	4,413

Cedars Academy Trust – Balance Sheet

Balance Sheet as at 31 August 2017

	Note	2017 £000	2017 £000	2016 £000	(Restated) 2016 £000
Fixed assets					
Tangible assets	11		4,788		4,442
Current assets					
Debtors	12	298		165	
Cash at bank and in hand		764		783	
		<u>1,062</u>		<u>948</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	-695		-106	
Net current assets			367		842
Net assets excluding pension liability			5,155		5,285
Defined benefit pension scheme liability			-586		-872
Total net assets			4,569		4,413
Funds of the academy trust:	14				
Restricted funds					
Fixed asset fund			4,788		4,442
Restricted income fund			201		661
Pension reserve			-586		-872
Total restricted funds			<u>4,402</u>		<u>4,231</u>
Unrestricted income funds			166		181
Total funds			4,569		4,413

The financial statements were approved by the trustees and authorised for issue on 20/03/18 and are signed on their behalf by:



Mrs G Morton
Chair

Cedars Academy Trust – Cash Flow Statement

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	528	-277
Cash flows from investing activities	18	-547	-50
Change in cash and cash equivalents in the reporting period		-19	-328
Cash and cash equivalents at 1 September 2016		783	1,111
Cash and cash equivalents at 31 August 2017	19	764	783

Notes to the Financial Statements for the year ended 31 August 2017

Note 1 - Accounting policies

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

1.1 Basis of preparation

The accounts 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Cedars Academy Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2017 are prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

1.2 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 charitable 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 accounts 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 accounts.

The decrease this year in the reported share of the LGPS deficit in the year has had a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

1.3 Income

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

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted asset fund. Capital grants are recognised when there is an entitlement and are not deferred over the life of the asset on which they are expended

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 hire of facilities, catering income and after school clubs is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are 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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 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:

Land and buildings	over 20 years
Assets under construction	not depreciated
Computer equipment	over 2 years
Fixtures, fittings and equipment	over 4 years
Motor vehicles	over 4 years

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

1.6 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph i Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.10 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 and the assets are held separately from those of the academy trust.

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 the pension notes, 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 are 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 benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 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 the Education Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Skills Funding Agency, Department for Education and Local Authority.

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in the notes to the accounts.

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2017. 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.

Note 2 - Donations and capital grants

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	£000	£000	£000	£000	£000
Capital grants	0	0	9	9	8
Other donations	4	0	0	4	14
	4	0	9	13	22

Note 3 - Funding for the Academy Trust's educational operations

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£000	£000	£000	£000
DfE / ESFA grants				
General Annual Grant (GAG)	0	1,131	1,131	1,152
Other DfE/ESFA grants	0	131	131	94
	<u>£0</u>	<u>1,262</u>	<u>1,262</u>	<u>1,245</u>
Other Government grants				
Local authority grants	0	1,098	1,098	914
Other grants	0	6	6	0
Other income from the academy trust's educational operations	0	15	15	37
	<u>£0</u>	<u>1,118</u>	<u>1,118</u>	<u>951</u>
	<u>£0</u>	<u>2,381</u>	<u>2,381</u>	<u>2,196</u>

Note 4 - Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£000	£000	£000	£000
Educational visits	7	0	7	7
Clubs	1	1	2	6
Other Income	1	7	9	5
	<u>9</u>	<u>9</u>	<u>17</u>	<u>18</u>

Note 5 - Investment income

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£000	£000	£000	£000
Short term deposits	1	0	1	1
	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>

Note 6 – Expenditure

	Staff Costs	Premises	Other	Total 2017	Total 2016
	£000	£000	£000	£000	£000
Expenditure on raising funds	0	0	0	0	0
Academy's educational operations:					
- Direct costs	1,679	0	114	1,793	1,593
- Allocated support costs	209	190	418	818	711
Other	0	0	0	0	29
	<u>1,888</u>	<u>190</u>	<u>533</u>	<u>2,611</u>	<u>2,333</u>

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	32	32
Depreciation	211	215
Fees payable to auditor for:		
- audit	7	7
- other services	0	8

Note 7 - Charitable activities

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	£000	£000	£000	£000	£000
Direct costs – educational operations	0	1,793	0	1,793	1,593
Support costs – educational operations	29	579	211	818	711
	29	2,371	211	2,611	2,304

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	£000	£000	£000	£000	£000
Support staff costs	0	209	0	209	219
Depreciation	0	0	211	211	215
Technology costs	0	24	0	24	18
Premises costs	0	190	0	190	181
Other support costs	29	81	0	109	41
Governance costs	0	74	0	74	37
Total support costs	29	579	211	818	711

Note 8a – Staff Costs

	Total 2017 £000	Total 2016 £000
Wages and salaries	1,421	1,294
Social security costs	125	95
Operating costs of defined benefit pension schemes	342	235
Apprenticeship levy	0	0
	1,888	1,624
Supply staff costs	0	64
Staff restructuring costs	0	17
	0	80

Note 8b - Staff numbers

	2017 No.	2016 No.
Management	6	6
Teachers	14	13
Teaching Assistants	36	34
Administration Support	3	3
Other	5	2
Total	64	58

	2017 No.	2016 No.
Salary		
£60,001 - £70,000	1	1

Note 8c - Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £392,527 (2016: £355,250).

Note 9 - Related Party Transactions – Trustees' remuneration and expenses

None of trustees have been paid remuneration or received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

Note – 10 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2017 was £1,600 (2016: £1,540). The cost of this insurance is included in the total insurance cost.

Note 11 - Tangible fixed assets

	Freehold Land and Buildings	Assets Under Construction	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2016	5,059	35	91	48	40	5,274
Reclassification	35	-35	0	0	0	0
Additions	556	0	0	0	0	556
Disposals	0	0	0	0	0	0
At 31 August 2017	5,650	0	91	48	40	5,830
Depreciation						
At 1 September 2016	721	0	40	42	30	832
Charged in year	181	0	21	5	4	211
Disposals	0	0	0	0	0	0
At 31 August 2017	901	0	61	47	34	1,043
Net book values						
At 31 August 2016	4,338	35	52	7	11	4,442
At 31 August 2017	4,749	0	31	1	7	4,788

The trust's transactions relating to land and buildings included:

- the acquisition of an extension to the main school property which was purchased by the trust at a value of £556k

Note 12 – Debtors

	2017 £000	2016 £000
Trade debtors	0	1
VAT recoverable	46	26
Other debtors	44	5
Prepayments and accrued income	208	132
	298	165

Note 13 - Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	0	13
Other taxation and social security	33	32
Other creditors	19	29
Accruals and deferred income	643	31
Total	695	106

Deferred income

Deferred income at 1 September 2016	2	2
Released from previous years	-2	428
Resources deferred in the year	456	-428
Deferred Income at 31 August 2017	456	2

Included in deferred income is fixed costs funding. The previous year included Free School Meals funding for the following year

Note 14 – Funds

	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	661	1,131	-1,044	-548	201
Pupil Premium	0	86	-86	0	0
Other Grants	0	1,172	-1,172	0	0
	661	2,389	-2,302	-548	201
Pension reserve	-872	0	-69	355	-586
	-211	2,389	-2,371	-193	-385
Restricted fixed asset funds					
DfE/ESFA capital grants	11	9	0	0	19
Inherited Funds	4,332	0	-211	0	4,121
Capital expenditure from GAG	91	0	0	548	638
Private sector capital sponsorship	9	0	0	0	9
	4,442	9	-211	548	4,788
Total restricted funds	4,231	2,398	-2,582	355	4,402
Total unrestricted funds	181	14	-29	0	166
Total funds	4,413	2,412	-2,611	355	4,569

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants include pupil premium, PE teachers, Youth Sports Trust, Year 7 Catch Up grants and universal infant free school meals funding.

Other government grants include income for pupils with special educational needs from the Local Authority.

DfE/ESFA capital grants consist of a devolved capital grant which has been received for expenditure on acquisition and maintenance of fixed assets. This has been fully utilised during the year.

The inherited fixed asset fund reflects the fixed assets acquired from The Cedars Trust and the Local Authority on conversion. Depreciation on these assets is charged against this fund.

Other transfers comprise fixed asset additions of £547,520 funded from restricted funds.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

Unrestricted funds can be used for any purpose at the discretion of the academy.

The academy's restricted general and unrestricted funds were £366,858 as at 31 August 2017.

Note 15 - Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

Cedars Academy Trust – Notes to the Financial Statements

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	0	0	4,788	4,788
Current assets	166	895	0	1,062
Current liabilities	0	-695	0	-695
Pension scheme liability	0	-586	0	-586
Total net assets	166	-385	4,788	4,569

Note 16 - Commitments under operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	42	18
Amounts due between one and five years	112	36
Amounts due after five years	0	0
	154	54

Note 17 - Reconciliation of net income/expenditure to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	-199	17
Adjusted for:		
Capital grants from DfE and other capital income	-9	-18
Interest receivable	-1	-1
Defined benefit pension scheme cost less contributions payable	53	-2
Defined benefit pension scheme finance cost	16	8
Depreciation	211	215
(Increase)/decrease in debtors	-132	-30
Increase/(decrease) in creditors	589	-467
Net cash provided by / (used in) Operating Activities	528	-277
	2017 £000	2016 £000
Dividends, interest and rents from investments	1	1
Capital grants from DfE/ESFA	9	8
Capital funding received from sponsors and others	0	10
Purchase of tangible fixed assets	-556	-69
Net cash provided by / (used in) investing activities	-547	-50

Note 18 - Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	1	1
Capital grants from DfE/ESFA	9	8
Capital funding received from sponsors and others	0	10
Purchase of tangible fixed assets	-556	-69
Net cash provided by / (used in) investing activities	-547	-50

Note 19 - Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	764	783
Total cash and cash equivalents	764	783

Note 21 – 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.

Note 22 - Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. 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 period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £28,381 (2016: £25,877) were payable to the schemes at 31 August 2017 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%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £115,086 (2016: £100,532).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £200,000 (2016: £161,000), of which employer's contributions totalled £158,000 (2016: £127,000) and employees' contributions totalled £42,000 (2016: £34,000). The agreed contribution rates for future years are 15.3 per cent for employers and between 5.5 to 12.5 per cent for employees.

As the LGPS is in deficit, the academy has agreed to make additional contributions for the period 1 April 2017 to 31 March 2018 of £48,800.

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

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Discount rate for scheme liabilities	2.50%	2.00%
RPI Inflation	3.10%	3.10%

CPI Inflation	2.00%	2.00%
Pension Increases	2.00%	2.00%
Pension account revaluation rate	2.00%	2.00%
Salary Increases	3.50%	3.50%

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 2017	At 31 August 2016
Males		
Member aged 65 at accounting date	22.8	23.2
member aged 45 at accounting date	25.0	25.3
Females		
Member aged 65 at accounting date	26.3	24.8
member aged 45 at accounting date	28.6	27.1

Sensitivity analysis

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	2.585	2.642	2.700
% change in present value of total obligation	-2.200%		2.200%
Projected service cost (£m)	0.185	0.190	0.195
Approximate % change in projected service cost	-2.600%		2.700%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	2.663	2.642	2.622
% change in present value of total obligation	0.800%		-0.800%
Projected service cost (£m)	0.190	0.190	0.190
Approximate % change in projected service cost	0.000%		0.000%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	2.680	2.642	2.605
% change in present value of total obligation	1.400%		-1.400%
Projected service cost (£m)	0.195	0.190	0.185
Approximate % change in projected service cost	2.700%		-2.600%

Post retirement mortality assumption

Adjustment to mortality age rating*	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	2.720	2.642	2.564
% change in present value of total obligation	3.000%		-2.900%
Projected service cost (£m)	0.197	0.190	0.183
Approximate % change in projected service cost	3.600%		-3.600%

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

	£000 Value as at 31 August 2017	£000 Value as at 31 August 2016
Equities	1,359	1,042
Property	185	157
Government bonds	80	59
Corporate bonds	236	181

Cedars Academy Trust – Notes to the Financial Statements

Cash	80	47
Other	115	85
Total	2,056	1,573

The actual return on scheme assets was £331,000 (2016: £232,000)

Amount recognised in the Statement of Financial Activities

	Period ending 31 August 2017 £000	Period ending 31 August 2016 £000
Current service cost	211	125
Interest on net defined benefit liability / (asset)	16	8
Total pension expense in SOFA	227	133

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

	Period ending 31 August 2017 £000	Period ending 31 August 2016 £000
Opening defined benefit obligation	2,445	1,470
Current service cost	211	125
Interest expense on defined benefit obligation	49	56
Contributions by participants	42	34
Actuarial (gains)/losses on liabilities	(57)	767
Net benefits paid out	(48)	(7)
Past service cost	-	-
Curtailment cost	-	-
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	2,642	2,445

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

	Period ending 31 August 2017 £000	Period ending 31 August 2016 £000
Opening fair value of assets	1,573	1,187
Interest income on assets	33	48
Remeasurement gains/(losses) on assets	298	184
Contributions by the employer	158	127
Contributions by participants	42	34
Net benefits paid out	(48)	(7)
Net increase in assets from disposals/acquisitions	0	0
Settlements	0	0
Closing fair value of assets	2,056	1,573

Note 23 - Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

Wayout in Gateshead (WING) - a charitable company in which M Flowers and A Elders are directors:

- The trust used the outdoor activity service from WING totalling £4,704 (2015 - £19,832 nil). There were no amounts outstanding at 31 August 2017.
- The trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

Ian Smith (FIS) Limited carried out work to Walker Terrace development. Ian Smith the partner of Gill Morton (Chair of Governors.)

- The total payments made to Ian Smith (FIS) Limited in 2016/17 were £10,200. There were no amounts outstanding at 31 August 2017.
- The trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

Mrs E Neale and Mr K Vincent are members of the senior management team as listed on Page 2 and are related to Mr G Neale and Mrs J Vincent who are trustees of the Academy. Their employment predates Mr G Neale and Mrs J Vincent becoming trustees and they have had no subsequent involvement in any aspect of the terms, conditions or remuneration, which have been determined in line with the national agreements on leadership pay scales.

Note 24 - Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received and disbursed £24,000.

Note 25 – Prior Period Adjustment

The following adjustments have been made to the financial statements to restate the previous year's figures relating to fixed cost funding. The academy received £456k of fixed cost funding in 2015/16 and 2016/17. The previous set of accounts had accrued £112,500 of this funding from 2016/17 back to 2015/16. As the correct amount was received in both 2015/16 & 2016/17 this accrual needs to be corrected by a prior period adjustment. The effect of this correction will decrease the debtors figure on the balance sheet and reduce the restricted reserve fund by £112,500.