

**THE CO-OPERATIVE ACADEMIES TRUST**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Company Limited by Guarantee**  
**Registration number: 7747126 (England and Wales)**

# THE CO-OPERATIVE ACADEMIES TRUST

## CONTENTS

	<b>Page</b>
Reference and Administrative Details	3
Trustees' Report	4-12
Governance Statement	13-16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report	19-20
Statement of Financial Activities incorporating Income & Expenditure Account and Statement of Total Recognised Gains and Losses	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements, incorporating:	24
Statement of Accounting Policies	24
Other Notes to the Financial Statements	28
Independent Auditor's Report on Regularity	51

# THE CO-OPERATIVE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

The Co-operative Academies Trust is a multi-academy trust. As at 31<sup>st</sup> August 2016 it was made up of The Co-operative Academy of Leeds (CAL), Co-operative Academy of Manchester (CAM), Co-operative Academy of Stoke (CAS), Manchester Creative and Media Academy (MCMA) and the Co-operative Primary Academies of Brownhill, Nightingale, Oakwood and Woodlands.

### Members

Russell Gill  
Gill Gardner  
Caroline Sellers

### Trustees

Russell Gill	(Chair)
Clare Oakley	(Resigned 1 April 2016)
Mags Bradbury	(appointed 19 August 2011)
Neil Braithwaite	(appointed 1 September 2014)
Steve Brice	(appointed 1 September 2014)
Mike Greenacre	(appointed 1 September 2014)
Flo Hadley	(appointed 1 September 2014)
Paul Brennan	(appointed 1 September 2014)
Jane Cowell	(appointed 9 December 2014)

<b>Company Secretary:</b>	Mike Gerrard	(resigned 26 September 2016)
	Gary Lagar	(appointed 21 November 2016)

### **Senior management team:**

Director of the Trust and Accounting Officer	Frank Norris
Principal of Co-operative Academy of Leeds	Jonny Mitchell
Principal of Co-operative Academy of Manchester	Steve Brice
Principal of Co-operative Academy of Stoke	Nick Lowry
Principal of Manchester Creative and Media Academy	Rebecca Smith

Interim Executive Head Teacher of Brownhill and Woodlands Primary Schools Georgina Winterburn  
Interim Executive Head Teacher of Oakwood and Nightingale Primary Schools Rebecca Ingram

Finance Director resigned 26 September 2016	Mike Gerrard
Finance Director appointed 21 November 2016	Gary Lagar

**Registered Office:** c/o Membership Department  
1 Angel Square  
Manchester  
M60 0AG

**Company Registration Number:** 7747126 (England & Wales)

**VAT Registration Number:** 173 1108 39

**Independent Auditor:** RSM UK Audit LLP  
3 Hardman Street  
Manchester  
M3 3HF

**Bankers:** The Co-operative Bank  
1 Balloon Street  
Manchester  
M60 4EP

# THE CO-OPERATIVE ACADEMIES TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016.

The Trust operates four primary and four secondary academies in the North of England. Its academies have a combined pupil capacity of 6,082 and have a roll of 4,194 in the school census on 1<sup>st</sup> October 2016.

### Structure, Governance and Management

#### Constitution

The Trust is a charitable company limited by guarantee with no share capital. The charitable company's articles of association is the primary governing document and this was effective from 1 September 2014. There were no amendments to this document during the year. The Board Directors act as the trustees for the charitable activities of The Co-operative Academies Trust and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative details on page 3.

#### Members' Liability

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

#### Trustees' Indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim.

#### Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the sponsor based on the required skills and knowledge to provide strategic leadership and good governance to the Trust.

#### Governance

The Trust has members who appoint the Trust Board, comprising between three and 15 Trustees. The Trust Board appoints its sub-committees and local governing bodies. A Scheme of Delegation sets out the specific roles and responsibilities of the Trust Board, sub-committees and local governing bodies.

Each academy within the Trust has a governing body made up of between 6 and 15 members. The sponsor appoints between 2 and 5 governors in addition to 2 staff governors, 2 parent governors and the Principal/Head teacher. Up to two further governors can be drawn from formal partners and up to one from the local authority.

The governing body of each academy shall make all necessary arrangements for and determine all other matters relating to an election of parent governors. The principal shall be a governor as long as in office as such.

#### Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for trustees and new governors depends on their existing experience. Where necessary, induction is provided with training on charity, educational, legal and financial matters. All new governors are given a tour of the relevant academy and the chance to meet with staff and students. All trustees and governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role.

# THE CO-OPERATIVE ACADEMIES TRUST

## **REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

### **Organisational Structure**

On 1 September 2015, the Multi Academy Trust (MAT) included The Co-operative Academy of Manchester (CAM), The Co-operative Academy of Stoke (CAS), The Co-operative Academy of Leeds (CAL) and four primaries based in central Leeds (Oakwood, Brownhill, Nightingale and Woodlands). On 1 March 2016, the Manchester Creative and Media Academy joined the trust.

Details of the directors who served during the year is included in the Reference and Administrative details on page 3.

The Trust Board sets the strategic direction for the Trust and is responsible for the performance of all academies within the Trust. The Audit and Risk Committee oversees the external and internal audit processes as well as ensuring there is an effective risk management approach in place. Decisions reserved for the Trust Board include providing strategic direction to the Trust, ensuring financial viability, establishing an Audit Committee and compliance with the Department for Education requirements.

The Trust and its academies operate within an established a Scheme of Delegation detailing those matters that are reserved for the Board and delegated to the governors and the principal. The governors are responsible for the management of the business of the academy including adopting an annual plan and budget, monitoring the academies by the use of targets and budgets and senior staff appointments.

The Accounting Officer of the Trust is the Director of the Trust, Frank Norris.

### **Arrangements for setting pay and remuneration of key management personnel**

The trust has established a pay and remuneration policy that follows national terms and conditions for all teachers and senior academy leaders. The policy is posted on the trust website and approved by the trust board. All pay awards are moderated across the academies and approved by governing bodies. In addition, all senior central trust staff have their salaries benchmarked against national comparators provided by independent and nationally recognised bodies. A pay and remuneration committee of the trust board undertakes the performance management of the Director of the Trust and recommends any pay awards for the trust board to consider. No trust board member is paid for their services to the trust.

### **Connected Organisations, including Related Party Relationships**

The Trust works closely with its sponsor The Co-operative Group, including access to skilled governors for the Trust's academies, work and training opportunities for pupils and technical and administrative support.

Details of related party transactions are shown in note 29.

### **Risk Management**

Details of the Trust's risk management arrangements and principal risks are included within the Strategic Report on page 9.

### **Objectives and Activities**

#### **Objects and Aims**

The Trust's object is specifically restricted to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing but establishing, maintaining, carrying on, managing and developing schools (academies) offering a broad and balanced curriculum.

It is intended that the curriculum and ethos of the academies will place an emphasis on, and include a commitment to students/pupils learning about the Co-operative values of self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others with the aim of encouraging the students to become better citizens, not only while they are students of the academies but during their adult lives.

# THE CO-OPERATIVE ACADEMIES TRUST

## **REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

### **Objectives, Strategies and Activities**

The Trust was created on 1<sup>st</sup> September 2014 to maximise the outcomes of pupils within the existing Co-operative Academy Trusts in Leeds, Manchester and Stoke-on-Trent, as well as identifying and delivering efficiencies from the operation of a single trust.

### **The trust's strategic objectives**

All of our academies:

- are the first choice for children, young people, parents and carers in the community
- judged as highly effective by Ofsted, other relevant bodies and those that engage with them
- provide an engaging, inspiring and innovative curriculum that equips children and young people with the skills, knowledge, understanding and qualification they need to make a success of their lives
- are places where it is enjoyable to go to school and to work and, within realistic parameters, risk-taking and making mistakes are considered important elements of learning
- are viewed as 'bright stars' of excellence that exemplify the positive impact of co-operation, culture (including sport), business and charity work within the community
- provide effective support and guidance for assisting in the next stage of education, employment or training
- adopt approaches that are sustainable, environmentally and Fairtrade friendly
- benefit from a mutually constructive relationship with The Co-operative Group as Trust sponsor.

Our children and young people:

- are successful regardless of age, gender, ability, ethnicity, religion, sexual orientation or economic circumstances
- have high aspirations and know how they can achieve them
- know how to learn successfully, and keep themselves safe and healthy
- understand the rich heritage of co-operation and how it can be a force for good in society
- are successful in entering the world of training, education or employment equipped with the necessary skills, knowledge, attitudes, confidence and self-esteem to succeed as active members of society.

Our staff:

- work hard to be highly effective employees, engage in professional development that has a demonstrable and positive influence on classroom practice and/or whole school performance and develops them as learning professionals
- develop in a professional, ethical and moral environment, able to progress up the career ladder within the Trust and beyond
- are committed to co-operative values and principles and demonstrate them to children, young people, parents and each other through all that they do
- are treated with respect and dignity regardless of their age, gender and sexual orientation, religion, marriage and civil partnership arrangement, disability, race or maternity and paternity situation
- are recognised for the positive impact they make and their successes celebrated.

# THE CO-OPERATIVE ACADEMIES TRUST

## REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016

The trust:

- is efficient and effective, promoting the highest educational aspirations for all and focused on achieving the best personal outcomes of children and young people
- grows steadily in a measured and considered fashion
- carefully selects new schools/academies on the basis of their commitment to co-operation and their ability to work effectively integrate with our existing academies
- is valued by The Co-operative Group as a vehicle for effective co-operative work to transform lives and communities, in addition to providing development opportunities for its business and those who work for it
- effectively engages with other co-operative schools and is open to new opportunities as they arise
- is emulated by others nationally so that it becomes 'the co-operative way'.

### Public Benefit

The trustees have had due regard to the guidance from the charity commission on public benefit when undertaking their duties.

## STRATEGIC REPORT

### Achievement and Performance

The trustees monitor the performance of the academies through a balanced scorecard. Academy governing bodies monitor achievement at an academy level at each governing body meeting.

### Secondary Academies

Co-operative Academy	Leeds		Manchester		Stoke		MCMA	
	2016	2015	2016	2015	2016	2015	2016	2015
Progress 8 (note 1)	-0.14	0.11	0.15	n/a	0.11	n/a	-0.14	n/a
Attainment 8 (note 2)	37.2	n/a	47.3	n/a	44.5	n/a	43.6	n/a
Attendance (note 3)	93.1%	93.6%	97.5%	97.0%	95.3%	94.2%	92.8%	n/a
Staff cost as a percentage of income	69%	71%	67%	75%	83%	82%	81%	n/a

Note 1 – The Progress 8 measure was used for the first full year in 2015 to replace levels of progress from 2016 onwards. Only the academy in Leeds reported against this measure in 2015. A score of 0 means national average and -0.5 is the floor standard. Only CAL used the Progress 8 measure in 2015. The 2016 figures are provisional.

Note 2 - Schools get a score based on how well pupils have performed in up to 8 qualifications, which include English, maths, 3 qualifications including sciences, computer science, history, geography and languages, and 3 other additional approved qualifications. The 2016 figures are provisional

Note 3 – Provisional figures

# THE CO-OPERATIVE ACADEMIES TRUST

## REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016

### Primary Academies

Co-operative Academy	Brownhill		Oakwood		Woodlands		Nightingale	
	2016	2015	2016	2015	2016	2015	2016	2015
KS2 Reading Attainment measure (Note 4)	33%	n/a	31%	n/a	31%	n/a	n/a	n/a
KS2 Writing Attainment measure (Note 4)	47%	n/a	41%	n/a	40%	n/a	n/a	n/a
KS2 Mathematics Attainment measure (Note 4)	57%	n/a	43%	n/a	40%	n/a	n/a	n/a
KS2 Combined Attainment (Note 6)	28%	n/a	20%	n/a	26%	n/a	n/a	n/a
KS2 Reading Progress (Note 5)	+1.3	n/a	-1.1	n/a	-1.5	n/a	n/a	n/a
KS2 Writing Progress (Note 5)	+2.0	n/a	-1.6	n/a	+0.2	n/a	n/a	n/a
KS2 Mathematics Progress measure (Note 5)	+2.7	n/a	+1.1	n/a	-0.2	n/a	n/a	n/a
Attendance	93.5%	93.6%	95.6%	96.1%	92.5%	94.2%	93.5%	93.5%
Staff cost as a percentage of income	62%	61%	72%	69%	70%	72%	69%	51%

Note 4 and 5 – New measures to judge attainment and progress were introduced by the government in 2016. Nightingale did not have any pupils old enough to take the Key Stage 2 assessments. All figures are provisional and are judged to be broadly average in national terms.

Note 6 – National comparative figures unavailable at the time of the audit.

### Financial Review

The income of the Trust in the year was £65,323k (2015 £74,330k), which includes balances transferred on acquisition from additions to the Trust which were £33,658k (2015 £42,277k). On 1<sup>st</sup> March 2016, balances in respect of the Manchester Creative and Media Academy were transferred to the Trust using the acquisition method. Details of the balances transferred are shown in note 30. The figure for 2015 included balances transferred from The Cooperative Academies of both Manchester & Stoke.



# THE CO-OPERATIVE ACADEMIES TRUST

## **REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

The majority of the balance of the Trust's income is derived from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA and associated expenditure are shown as restricted funds in the statement of financial activities on page 21.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. The net book value of fixed assets at the year-end was £81,798k (2015 £50,434k), which again reflects balances acquired for Manchester Creative and Media Academy (MCMA). Movements in tangible fixed assets are detailed in note 12. The balance at the bank was £8,028k (2015 £7,374k). The net movement is detailed in the Cash Flow statement on page 23.

The Co-operative Academy of Leeds & Oakwood Primary are situated in Private Finance Initiative (PFI) buildings which is owned by Carillion plc and operated by MITIE plc. Payments made under the PFI contract this financial year totalled £1,586k (2015 £1,584k), this includes associated costs for catering, cleaning, utilities and other ancillary services.

One of the most significant items in the current year is the growth in the outstanding net liabilities to the Local Government Pension Scheme which during the year grew from £4,181k at the start of the year to £12,605k by the end of the year. MCMA accounted for £3,408k of the net liability at the year-end but there were significant increases in the net liabilities across all our schools. Further details are shown in note 28. This is likely to lead to increases in contribution rates which will increase budget pressure in future years.

Financial policies operate throughout the Trust, primarily the Financial Regulations and Scheme of Delegation which outline the roles and responsibilities of trustees, governors, heads and principals and all other staff in the use of the Trust's resources.

### **Financial and risk management objectives and policies**

The nature of academy business is that the financial instruments that are dealt with are largely bank balances, cash and trade creditors, with limited trade (and other) debtors. The trust considers its exposure to financial instruments to be minimal and such information is not material to an assessment of the trust's assets, liabilities, financial position and its results. The trust is however exposed to the defined benefit pension schemes as outlined in note 28, where there is detailed disclosure of the current position as independently actuarially assessed.

### **Reserves Policy**

The trustees have approved a Reserves Policy which requires academies to maintain a revenue reserve of between 5 and 10% of grant income. Budgets or forecasts which show a position outside of this range must be accompanied by a business case for Trust Board approval. At 31<sup>st</sup> August 2016 the revenue reserves across the Trust were £6,241k (2015 £5,792k). At an academy level, reserves were £5,832k at 31<sup>st</sup> August 2016 which was in excess of the required limits. Investment plans exist in a number of academies for growth in capacity.

# THE CO-OPERATIVE ACADEMIES TRUST

## **REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

As part of setting the budget, the trustees review the level of reserves each year. This review will consider the nature of income and expenditure streams, the need to match income with commitments and the need to set aside funds for future replacement programmes. The Trust Board will also need to consider what reserves need to be set aside in view of the growth in net liabilities under its pension schemes referred to above. In particular the Trust Board will need to ensure that academy budgets include allowance for the inevitable increases in employer contribution that will follow from the next actuarial reviews.

### **Investment Policy**

The Trust's current investment policy is to maximise income from a low risk strategy.

### **Plans for Future Periods**

The Trust has set the following strategic priorities over the next three years:

We have identified six key priorities arising from our strategic objectives on which we will focus to the end of 2018. They are to:

- further improve outcomes for children and young people, including their attainment, and the ratings awarded by Ofsted in its inspections of academies within the Trust
- ensure that all staff engage in professional development activities that enable them to develop their skills, co-operative commitment and leadership skills as appropriate, and have a demonstrable impact on improving teaching and learning
- develop further the curriculum, careers advice and personal guidance, taking full advantage of our co-operative links, to better prepare young people to enter work, further education or training
- ensure financial security, stability and probity across the Trust
- expand the number of academies in the Trust through collaboration and cooperation and through building its reputation for delivering high quality education
- further develop the relationship with the Trust's sponsor to mutual benefit so that more opportunities are made available for the academies to benefit from the considerable expertise and learning opportunities on offer and so that the work of the Trust is known and valued by The Co-operative Group's members and employees.

How we will know if we have been successful by 2018?

All academies that have been in the Trust for at least two years will:

- be judged 'good' and at least two judged as 'outstanding' by Ofsted
- be above the government's floor measure
- have attendance of pupils/students at least at the national average
- all be full, or have an increasing roll
- have at least half of all senior academy appointments awarded to existing Trust staff following a competitive process that attracts many external candidates
- have results of the annual survey of pupils/students, staff and parents that indicate year on year overall improvement in engagement and culture.

The Trust will have:

- increased its presence in the north of England selecting growth on the basis of a firm commitment to co-operation and a good match for our existing academies
- shared the Trust arrangements with others to encourage further development of co-operative trusts across the country for the benefit
- been acknowledged as a high quality provider of education for children and young people in some of the most disadvantaged communities in the north of England
- a school improvement service that is acknowledged as 'outstanding'
- ensured that all academies are financially secure, adopting approaches that are sustainable, environmentally and Fairtrade friendly.

**REPORT OF THE TRUSTEES (continued)  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Failsworth School**

At its September 2016 meeting, the Trust Board agreed to Failsworth School joining the Trust, subject to the completion of the final aspects of due diligence. It is anticipated that the school will formally join the Trust in early 2017.

**Principal Risks and Uncertainties**

The trustees have established a policy for assessing the risks which the Trust faces and have reviewed the process of assessing and managing these major risks which was carried out by the senior managers at various times during the year. The risks of the Trust are assessed at a Trust and an academy level, supported by detailed risk registers. The risk register is reviewed by the senior leadership team, before being presented to the Audit and Risk Committee and the Board. Steps are taken to mitigate risks. Some significant financial risks are covered by insurance. Other risks are minimised through the design of systems and procedures as preventative measures.

The main risks facing the Trust are not delivering improved outcomes for pupils, actual and potential financial challenges due to changes in funding and cost growth, and managing growth to ensure continued improvement for all the Trust's academies.

To mitigate against these risks, the Trust has taken measures including;

- Investment in resources to deliver school improvement
- Review and revision to the approach to performance monitoring
- Robust budget-setting processes, supported by the application of the Reserves Policy
- Detailed assessment of potential growth opportunities, including the impact on the Trust's existing academies

**Going Concern**

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

**Employees and Disabled Persons**

The trust has a single equality policy. We strive to ensure that the recruitment, retention and ongoing development of staff is undertaken in a fair and equitable manner to support the Trust's vision and values. We see all members of the Trust and wider community of equal value:

- Whether or not they are disabled
- Whatever their ethnicity, culture, religious affiliation, national origin or socio-economic circumstances
- Whichever their gender and sexual orientation
- Whatever their age

# THE CO-OPERATIVE ACADEMIES TRUST

## **REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

### **Auditor**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office. 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' Annual Report is approved by order of the members and the Strategic Report (included therein) is approved by the Board in its capacity as directors on 8<sup>th</sup> December 2016 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'G' with a horizontal stroke extending to the right.

**Mr R Gill**

**Chairman**

# THE CO-OPERATIVE ACADEMIES TRUST

## GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Co-operative Academies Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Director of the Trust, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Co-operative Academies Trust and the Secretary of State for Education. The Director of the Trust is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### The Co-operative Academies Trust: Governance

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Manchester Creative and Media Academy joined the Co-operative Academies Trust on 1 March 2016. The Board of Trustees has formally met six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee		Meetings Attended	Out of Possible
Russell Gill	(Chair) (appointed 1 September 2014)	6	6
Clare Oakley	(resigned 1 April 2016)	3	4
Mags Bradbury	(appointed 19 August 2011)	6	6
Neil Braithwaite	(appointed 1 September 2014)	6	6
Paul Brennan	(appointed 1 September 2014)	6	6
Steve Brice	(appointed 1 September 2014)	6	6
Jane Cowell	(appointed 9 December 2014)	3	6
Mike Greenacre	(appointed 1 September 2014)	5	6
Flo Hadley	(appointed 1 September 2014)	3	6

#### Governance reviews

Governance arrangements, including financial regulations and a scheme of delegation, were created for the establishment of the Trust on 1 September 2014. During the year, the trustees reviewed the governance arrangements for the Trust and at its meeting in September 2016, approved revised governance documents to be implemented across the Trust. The revisions did not materially change the roles within the Trust. A review of governance arrangements takes place annually and includes the feedback from academies and governing bodies.

#### Audit and Risk Committee

The Committee is a sub-committee of the main Board of Trustees. Its purpose is to support both the Director of the Trust and the Board in their responsibilities for issues of risk, internal control and governance by reviewing the comprehensiveness of assurances in meeting the Co-operative Academies Trust Board's accounting needs. As part of its role, the Committee selects an external and internal auditor and oversees their work.

## THE CO-OPERATIVE ACADEMIES TRUST

### GOVERNANCE STATEMENT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

	Meetings Attended	Out of Possible
Flo Hadley (Chair) (appointed 11 September 2014)	4	5
Neil Braithwaite (appointed 11 September 2014)	5	5
Jane Cowell (appointed 9 December 2014)	3	4
Mike Greenacre (appointed 11 September 2014)	5	5

#### Review of Value for Money

As Accounting Officer the Director of the Trust has responsibility for ensuring that the Trust delivers good value for money 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 Trust has delivered improved value for money during the year by:

- Introducing an independent internal audit process that covers up to four themes each year including procurement and involving all academies
- Significantly increasing expenditure on school improvement managed through central trust funds
- Undertaking extensive due diligence processes for schools and academies wishing to join the trust and ensuring that only those financially viable are accepted
- Establishing service level agreements with local schools and academies not in the trust for providing school improvement services
- Procuring a trust-wide external audit service at reduced cost per academy

During the year the Trust refined its robust investment appraisal approach to ensure that all major spending decisions are assessed and challenged at both a governing body and Trust level to ensure that for each investment, pupil outcomes are improved, value for money is obtained and the academy and Trust keep to the requirements of the Reserves policy.

The Trust remains committed to maximising value for money. Moving forward, the Trust will continue to identify and pursue opportunities to achieve procurement savings arising from scale. In addition, a key part of the appraisal of new academies will be a robust appraisal of the both the cost to the Trust of the acquisition and the opportunity presented to increase resources devoted to school improvement across all of the academies.

#### 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 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 from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

## THE CO-OPERATIVE ACADEMIES TRUST

### GOVERNANCE STATEMENT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

#### Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### The Risk and Control Framework

The 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 Board of Trustees 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 appointed an internal auditor to undertake a review of internal controls within each academy and at a Trust level in order to provide a level of assurance on the operation of controls at year end.

The internal auditor carried out checks in the current year on:

- governance
- procurement and value for money
- strategic planning and financial forecasting
- key financial controls

Recommendations were made by the internal auditor as a result of the reviews, none of which amounted to a material control issue. The internal auditor is directed by and reports to the Audit and Risk Committee.

#### Review of Effectiveness

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

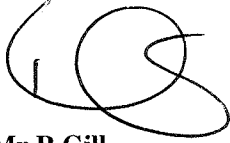
- the work of the internal auditor;
- the work of the external auditor;
- the review of governance;
- the work of principals, head teachers and finance managers within the academies who have responsibility for the development and maintenance of the internal control framework.

# THE CO-OPERATIVE ACADEMIES TRUST

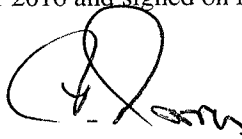
## **GOVERNANCE STATEMENT (continued) FOR THE YEAR ENDED 31 AUGUST 2016**

The Accounting Officer has been advised of the implications of the results of their reviews of the system of internal control and a plan to address any weaknesses and ensure continuous improvement of the system is in place. A review of progress made on issues identified in the previous year was undertaken and reported to the Trust Board and to each academy governing body.

Approved by order of the Board on 8<sup>th</sup> December 2016 and signed on its behalf by:



**Mr R Gill**  
**Chairman**



**Mr F Norris**  
**Accounting Officer**



**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

A handwritten signature in black ink, appearing to read 'F. Norris', with a large, stylized loop at the top.

**Mr F Norris**

**Accounting Officer**

**8<sup>th</sup> December 2016**

## THE CO-OPERATIVE ACADEMIES TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees who are also the directors of The Co-operative Academies Trust for the purposes of company law, are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 8<sup>th</sup> December 2016 and signed on its behalf by:



**Mr R Gill**  
**Chairman**

# THE CO-OPERATIVE ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CO-OPERATIVE ACADEMIES TRUST FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of The Co-operative Academies Trust for the year ended 31 August 2016 on pages 21 to 50. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015/6 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who act as the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

### **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' Report and the incorporated strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE CO-OPERATIVE ACADEMIES TRUST  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Matters on which we are required to report by exception**

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

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

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
3 Hardman Street  
Manchester  
M3 3HF

21/12/2016

THE CO-OPERATIVE ACADEMIES TRUST

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(including Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Company Registration Number: 7747126**

		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed	2016	2015
	Note	£'000	£'000	Asset Funds	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	224	-	1,003	<b>1,227</b>	1,417
Academy transfers	30	142	1,533	31,983	<b>33,658</b>	42,277
Transfer from Local Authority		-	-	-	-	5,123
<b>Charitable activities</b>						
- Funding for the Trust's educational operations	3	-	29,701	-	<b>29,701</b>	25,021
- Other trading activities	4	698	-	-	<b>698</b>	455
Investments	5	39	-	-	<b>39</b>	37
<b>Total</b>		<b>1,103</b>	<b>31,234</b>	<b>32,986</b>	<b>65,323</b>	<b>74,330</b>
<b>Expenditure on:</b>						
<b>Charitable activities</b>						
- Trust's educational operations	6/7	761	31,114	2,403	<b>34,278</b>	27,464
<b>Other resources expended</b>						
- Transfer of deficit of restricted reserves		-	-	-	-	783
<b>Total</b>		<b>761</b>	<b>31,114</b>	<b>2,403</b>	<b>34,278</b>	<b>28,247</b>
<b>Net income</b>		<b>342</b>	<b>120</b>	<b>30,583</b>	<b>31,045</b>	<b>46,083</b>
<b>Transfers between funds</b>	19		(781)	781	-	-
<b>Other recognised gains/(losses)</b>						
Remeasurement of net defined benefit obligations	28	-	(7,656)	-	<b>(7,656)</b>	(185)
<b>Net movement in funds</b>		<b>342</b>	<b>(8,317)</b>	<b>31,364</b>	<b>23,389</b>	<b>45,898</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,792	(181)	50,434	<b>52,045</b>	6,147
<b>Total funds carried forward</b>		<b>2,134</b>	<b>(8,498)</b>	<b>81,798</b>	<b>75,434</b>	<b>52,045</b>

THE CO-OPERATIVE ACADEMIES TRUST

**BALANCE SHEET**

**AT 31 AUGUST 2016**

**Company Registration Number: 7747126**

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Fixed assets</b>					
Tangible assets	12		81,798		50,434
<b>Current assets</b>					
Stock	13	17		7	
Debtors	14	1,599		973	
Cash at bank and in hand		8,028		7,374	
Total current assets		9,644		8,354	
<b>Current Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(3,403)		(2,562)	
<b>Net current assets</b>			6,241		5,792
<b>Restricted funds</b>			88,039		56,226
<b>excluding pension liability</b>					
Defined benefit pension scheme liability	28		(12,605)		(4,181)
<b>Total Net assets</b>			75,434		52,045
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	19		81,798		50,434
General fund	19		4,107		4,000
Pension reserve	19		(12,605)		(4,181)
<b>Total restricted funds</b>			73,300		50,253
<b>Unrestricted income funds</b>	19		2,134		1,792
<b>Total Funds</b>			75,434		52,045

The financial statements on pages 21 to 50 were approved by the Trustees, and authorised for issue on the 8th December 2016 and signed on their behalf by:



**Mr R Gill**  
**Chairman**

THE CO-OPERATIVE ACADEMIES TRUST

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2016**

		<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cashflows from operating activities</b>			
Net Cashflow provided by (used in) operating activities	23	<b>91</b>	<b>872</b>
Cash transfers on conversion	30	<b>1,329</b>	<b>3,384</b>
Cashflows from financing activities	24	<b>39</b>	<b>37</b>
Cashflows from investing activities	25	<b>(805)</b>	<b>(203)</b>
<b>Net increase in cash and cash equivalents in the reporting period</b>		<b>654</b>	<b>4,090</b>
Cash and cash equivalents at 1 September 2015		<b>7,374</b>	<b>3,284</b>
<b>Cash and cash equivalents at 31 August 2016</b>		<b>8,028</b>	<b>7,374</b>

# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 1. STATEMENT OF ACCOUNTING POLICIES

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

#### General information

The Co-operative Academies Trust is a charitable company. The address of the Trust's principal place of business is given on page 3. The nature of the Academy Trust's operations are set out in the Trustees' Report.

#### Basis of accounting

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 17.

These financial statements are the first financial statements of The Co-operative Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of The Co-operative Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

The Academy Trust has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date. See note 17.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Multi-academy Trust Combination

The transfer of the Manchester Creative and Media Academy into the Co-operative Academies Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for as set out below.

The assets and liabilities transferred on conversion from the school to the Trust have been valued at their fair value. Fair value is derived based on the cost of an equivalent item. For land and buildings, the buildings were transferred at their depreciated replacement cost as recorded in the relevant accounts as at 28<sup>th</sup> February 2016. The fair value is in accordance with the accounting policies set out for The Co-operative Academies Trust. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in charitable activities as net income in the Statement of Financial Activities in the year of acquisition and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the note 30.

#### Going Concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. Cash and Revenue forecasts for this period have been produced on a conservative basis and show that the Trust will continue to trade as a going concern for the foreseeable future.



# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### **Incoming Resources**

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### **Grants receivable**

Capital asset grants are included in donations on a receivable basis to the extent there is entitlement. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable on a performance basis. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

### **Sponsorship and donations Income**

Sponsorship and donations 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 receipt is probable and it is measurable.

### **Other income**

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

### **Donated services and gifts in kind**

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

### **Expenditure**

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

### **Expenditure on Raising Funds**

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

### **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Liabilities**

Liabilities are recognised when there is an obligation at the reporting 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.

# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the period it arises in the statement of financial activities and is allocated to the appropriate expenditure heading.

### Tangible Fixed Assets

Assets costing £500 or more, or lower value items which amount to £2,500 in aggregate, 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. The related grants are credited to a restricted fixed asset fund where they are in continued use in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities.

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, to its residual value, as follows:

Long leasehold Land and buildings	50 years
Short-term additions to leasehold buildings	8 years
Plant and Machinery	8 years
Fixtures, fittings and equipment	8 years
Equipment acquired on conversion	3 years
ICT equipment	4 years
Motor Vehicles	5 years

Assets under the course of construction are not depreciated until brought fully into use.

Impairment reviews are carried out as required.

Residual value is calculated on price prevailing at the reporting date, after estimated costs of disposal, for the asset so if it were at the age and condition expected at the end of its useful life.

### Leased Assets

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

### Stock

Unsold uniforms are valued at the lower of cost and estimated selling price less costs to complete and sell.

### Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The nature of academy business is that the financial instruments that are dealt with are largely bank balances, cash and trade creditors, with limited trade (and other) debtors. The trust considers its exposure to financial instruments to be minimal and such information is not material to an assessment of the trust's assets, liabilities, financial position and its results.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**Taxation**

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

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

**VAT Accounting**

The Finance Act 2011 put in place a special scheme whereby Academies are able to reclaim input VAT on their non-business activities directly from HMRC. Expenditure was accounted for net of input VAT in the year to 31<sup>st</sup> August 2013. Since December 2013, the Trust has been VAT registered and has submitted quarterly returns of VAT to HMRC.

**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'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately. 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 reporting date. The amounts charged to net income 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 comprehensive income.

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

**Fund Accounting**

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

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

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

**Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 32.

# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### Critical accounting estimates and areas of judgement

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

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability

## 2 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA Capital Grants	-	237	237	460
Devolved Formula Capital Grant	-	84	84	67
Local Authority Capital Grants	-	658	658	771
Other Donations	121	24	145	19
Contributions from sponsor	103	-	103	100
	<u>224</u>	<u>1,003</u>	<u>1,227</u>	<u>1,417</u>

The income from donations and capital grants in 2015 was £1,417,000 of which £119,000 was unrestricted, £1,298,000 was restricted fixed asset funds and £nil was restricted general funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**3 Funding for Academies educational operations**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE/EFA Grants</b>				
General Annual Grant (GAG)	-	24,859	24,859	20,479
Start Up Grants	-	56	56	40
Funding for Sixth Form	-	587	587	657
Insurance income	-	18	18	72
Rates relief	-	168	168	157
Pupil Premium	-	2,660	2,660	2,352
Other DfE/EFA	-	274	274	227
	<u>-</u>	<u>28,622</u>	<u>28,622</u>	<u>23,984</u>
<b>Other Government grants</b>				
FFI Funding (SEN)	-	411	411	357
Nursery Funding LA	-	451	451	485
Other Local Authority Grants	-	173	173	174
	<u>-</u>	<u>1,035</u>	<u>1,035</u>	<u>1,016</u>
<b>Other Income</b>				
Other Grants	-	44	44	21
	<u>-</u>	<u>44</u>	<u>44</u>	<u>21</u>
<b>Total</b>	<u>-</u>	<u>29,701</u>	<u>29,701</u>	<u>25,021</u>

Funding for Academies educational operations in 2015 was £25,021,000 of which £nil was unrestricted, £nil was restricted fixed asset funds and £25,021,000 was restricted general funds.

THE CO-OPERATIVE ACADEMIES TRUST

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**4 Other trading activities**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
Hire of facilities	85	-	85	39
Catering Income	400	-	400	297
Trip Income	39	-	39	13
Other Income	167	-	167	101
Charges to other bodies	7	-	7	5
	<u>698</u>	<u>-</u>	<u>698</u>	<u>455</u>

Other trading activities in 2015 was £455,000 of which £455,000 was unrestricted, £nil was restricted fixed asset funds and £nil was restricted general funds.

**5 Investment Income**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
Short term deposits	39	-	39	37
	<u>39</u>	<u>-</u>	<u>39</u>	<u>37</u>

Investment Income in 2015 was £37,000 of which £37,000 was unrestricted, £nil was restricted fixed asset funds and £nil was restricted general funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**6. Resources Expended**

	Staff	Non Pay Expenditure		Total	Total
	Costs £'000	Premises £'000	Other Costs £'000	2016 £'000	2015 £'000
Trust's educational operations					
Direct costs	19,654	2,403	2,329	<b>24,386</b>	19,532
Allocated support costs	4,623	2,940	2,329	<b>9,892</b>	7,932
Costs of educational operations	24,277	5,343	4,658	<b>34,278</b>	27,464
Other resources expended	-	-	-	-	783
Total Resources expended	24,277	5,343	4,658	<b>34,278</b>	28,247

Resources Expended in 2015 was £28,247,000 of which £612,000 was unrestricted, £1,822,000 was restricted fixed asset fund and £25,813,000 was restricted general funds.

**Net incoming/(outgoing) resources for the year  
include:**

	2016 £'000	2015 £'000
Operating lease rentals	1,635	1,619
Depreciation	2,403	1,822
Profit/(loss) on disposal of fixed assets	-	(2)
Net interest on defined benefit pension liabilities	174	(74)
Fees payable to RSM UK Audit LLP		
- Audit	26	26
- other services	9	9

THE CO-OPERATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable Activities – Academies’ educational operations

Direct costs	Unrestricted Funds £’000	Restricted Funds £’000	Restricted Fixed Assets £’000	Total 2016 £’000	Total 2015 £’000
Teaching and educational support					
staff costs	-	19,654	-	19,654	15,935
Depreciation	-	-	2,403	2,403	1,822
Educational supplies	-	1,520	-	1,520	1,178
Examination fees	-	290	-	290	195
Pupil Support	-	345	-	345	299
Educational consultancy	-	174	-	174	103
	-	21,983	2,403	24,386	19,532
<i>Allocated support costs</i>					
Support staff costs	-	4,623	-	4,623	3,289
Catering & trip expenditure	761	-	-	761	612
Recruitment and support	-	363	-	363	167
Maintenance of Premises	-	580	-	580	446
PFI Costs	-	1,586	-	1,586	1,584
Electricity, Gas & Water	-	286	-	286	288
Cleaning, Refuse, Other	-	81	-	81	69
Legal and professional fees	-	90	-	90	82
Auditors’ remuneration	-	56	-	56	35
Other compliance	-	-	-	-	9
Governor support	-	7	-	7	14
Rent & rates	-	202	-	202	183
Insurance	-	175	-	175	201
Security and transport	-	32	-	32	31
Bank interest and charges	-	13	-	13	10
Technology costs	-	525	-	525	500
Marketing & Promotion	-	57	-	57	41
Telephones, Postage & Stationery	-	348	-	348	281
Non-educational consultancy	-	107	-	107	99
	761	9,131	-	9,892	7,932
	761	31,114	2,403	34,278	27,464



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**8 Staff Numbers and Staff Costs**

Staff costs during the period were:

	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
Wages and salaries	<b>17,999</b>	14,863
Social security costs	<b>1,352</b>	961
Operating cost of defined benefit pension schemes	<b>3,726</b>	2,155
<b>Total staff costs</b>	<b>23,077</b>	17,979
Supply Staff Costs	<b>1,103</b>	1,014
Staff restructuring costs	<b>97</b>	68
	<b>24,277</b>	19,061

Staff restructuring costs comprise:

	<b>£'000</b>	<b>£'000</b>
Redundancy payments	<b>14</b>	40
Severance payments	<b>78</b>	25
Other restructuring costs	<b>5</b>	3
	<b>97</b>	68

Non statutory/non contractual severance payments totalled £78k (2015: £25k). Individually these Payments were £30k, £22.5k, £16k and £9.5k.

The average number of persons (including senior management team) employed by the Trust during the year expressed head count as follows:

	<b>2016 Headcount</b>	<b>2015 Headcount</b>
Leadership	<b>54</b>	43
Teachers	<b>271</b>	213
Administration and support	<b>413</b>	418
	<b>738</b>	674

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**9 Staff costs (continued)**

**Higher paid staff**

The number of employees whose emoluments (including taxable benefits but excluding employer's pension contributions) fell within the following bands was:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	<b>8</b>	<b>5</b>
£70,001 - £80,000	<b>4</b>	<b>6</b>
£80,001 - £90,000	<b>3</b>	<b>2</b>
£90,001 - £100,000	<b>2</b>	<b>-</b>
£100,001 - £110,000	<b>1</b>	<b>1</b>
£120,001 - £130,000	<b>1</b>	<b>-</b>

Fourteen of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £164,479 (2015: £111,894). The other five employees participated in the Local Government Pension Scheme, pension contributions amounted to £79,314 (2015: £ 46,164)

**Key management personnel compensation**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £902,994 (2015: £ 724,921).

**10 Trustees' remuneration and expenses**

Staff and trustees only receive remuneration in respect of services they provide undertaking the roles as staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accounting Officer & Director of Trust		
Remuneration	<b>120,509</b>	106,050
Employer's Pension Contributions	<b>22,537</b>	18,841
	<b>143,046</b>	124,891
Other trustee		
Remuneration	<b>95,701</b>	82,824
Employer's Pension Contributions	<b>15,772</b>	11,678
	<b>111,473</b>	94,502

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 10 Trustees' remuneration and expenses (continued)

During the year ended 31 August 2015, travel and subsistence expenses totalling £317 (2015 £ 555) were reimbursed to trustees. Related party transactions involving the trustees are set out in note 29.

### 11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 and the cost for the year ended 31<sup>st</sup> August 2016 was £4,950 (2015 £10,200). The cost of this insurance is included in the total insurance cost.

### 12 Tangible Fixed Assets

	Assets under Construction £'000	Long Leasehold Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000	Computer Equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>							
At 1 September 2015	-	48,869	517	2,106	1,034	68	52,594
Acquired on Transfers In	-	31,640	5	215	116	7	31,983
Additions	790	222	253	222	271	26	1,784
Disposals	-	-	-	-	-	-	-
At 31 August 2016	790	80,731	775	2,543	1,421	101	86,361
<b>Depreciation</b>							
At 1 September 2015	-	1,181	105	410	445	19	2,160
Charged in year	-	1,397	76	468	435	27	2,403
Disposals	-	-	-	-	-	-	-
At 31 August 2016	-	2,578	181	878	880	46	4,563
<b>Net book values</b>							
At 31 August 2016	790	78,153	594	1,665	541	55	81,798
At 31 August 2015	-	47,688	412	1,696	589	49	50,434

During the year the leasehold land and buildings, Plant & Machinery and Furniture at Manchester Creative & Media Academy were transferred to the Trust. MCMA moved to new premises on 3<sup>rd</sup> September 2012. The land, the building, its furniture and equipment was financed under the "Building Schools for the Future" programme. The land and buildings were valued in December 2013, as at 1<sup>st</sup> September 2013, by a qualified valuer. Further details of transfers in can be found within note 30 to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**13. Stocks**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Uniform Stock	<u>17</u>	<u>7</u>

**14 Debtors**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Trade debtors	72	13
Prepayments	331	163
Accrued Income	708	390
VAT recoverable	471	391
Other debtors	17	16
	<u>1,599</u>	<u>973</u>

**15 Creditors: amounts falling due within one year**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Trade creditors	1,408	727
Other creditors	105	123
Other taxation & social security	484	328
Accruals and deferred income	1,406	1,384
	<u>3,403</u>	<u>2,562</u>

**Deferred income**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Deferred Income at 1 September 2015	199	154
Resources deferred in the year	229	199
Amounts released from previous years	(199)	(154)
Deferred Income at 31 August 2016	<u>229</u>	<u>199</u>

Deferred Income at 31 August 2016 relates to amounts received before the year end that relate to next academic year. It includes Rates Income funded by the EFA for the year to 31<sup>st</sup> March 2017 and SEN funding from Local Authorities paid in advance.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**16 Financial Instruments**

The carrying amount of the Company's financial instruments at 31<sup>st</sup> August were:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets:</b>		
Debt instruments measured at amortised cost	<b>9,627</b>	8,347
<b>Total</b>	<b><u>9,627</u></b>	<b><u>8,347</u></b>
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial liabilities:</b>		
Measured at amortised cost	<b>3,403</b>	2,562
<b>Total</b>	<b><u>3,403</u></b>	<b><u>2,562</u></b>

Debt instruments measured at amortised cost include trade debtors, other debtors and cash.

Financial liabilities measured at amortised cost include trade creditors, amounts owed to group undertakings and accruals.

**17 Transition to FRS102**

These financial statements are the first financial statements of The Co-operative Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Co-operative Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Reconciliations to previous UK GAAP for the comparative figures are included below.

# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Transition to FRS102 (continued)

#### Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1<sup>st</sup> September 2014.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	Notes	1 September 2016 £000	31 August 2015 £000
Total funds under previous UK GAAP		75,434	52,045
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		75,434	52,045

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £000
Net income/(expenditure) previously reported under UK GAAP		46,083
Change in recognition of LGPS interest cost	A	564
Net income reported under FRS 102		46,647

#### A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in other recognised gains and losses in the SoFA. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change in the year to 31<sup>st</sup> August 2016 has been to increase the debit to expense by £564,000 and reduce the debit in other comprehensive income in the SoFA by an equivalent amount.

#### B – Employee benefits accrual

As the holiday year runs to the year-end & untaken holidays are not carried forward into the next financial year, no employee benefits accrual is due in 2016 (2015 nil)

THE CO-OPERATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016

18 Central Services

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

- Educational support services
- Human resources
- Financial services
- Governance services

The actual amounts charged during the year were calculated on a 3% income basis and were as follows: £'000

Co-operative Academy of Leeds	186
Co-operative Academy of Manchester	137
Co-operative Academy of Stoke	135
Manchester Creative & Media Academy	76
Brownhill Primary	54
Nightingale Primary	18
Woodlands Primary	54
Oakwood Primary	56
	<u>716</u>

19 Funds

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,971	25,632	(23,715)	(781)	3,107
Start Up Grant	-	56	(56)	-	-
LEA and other grants	1,000	1,035	(2,035)	-	-
Pupil Premium	-	2,660	(2,660)	-	-
Other restricted	-	317	(317)	-	-
Transfer in of academies	1,029	1,186	(1,215)	-	1,000
Sub-total	4,000	30,886	(29,998)	(781)	4,107
Pension reserve*	(4,181)	348	(1,116)	(7,656)	(12,605)
	(181)	31,234	(31,114)	(8,437)	(8,498)
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	284	345	(194)	-	435
Local Authority Capital grants	485	658	(250)	-	893
Transfer in of academies	39,675	31,983	(1,959)	-	69,699
Local Authority Transfer on Conversion	9,771	-	-	-	9,771
Capital expenditure from GAG	219	-	-	781	1,000
	50,434	32,986	(2,403)	781	81,798
<b>Total restricted funds</b>	50,253	64,220	(33,517)	(7,656)	73,300
<b>Unrestricted funds</b>					
Unrestricted funds	1,329	961	(716)	-	1,574
Transfer in of academies	463	142	(45)	-	560
<b>Total unrestricted funds</b>	1,792	1,103	(761)	-	2,134
<b>Total funds</b>	52,045	65,323	(34,278)	(7,656)	75,434

The Trust funds these services via a 3% of school block EFA income charge to the academies.

# THE CO-OPERATIVE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Funds (continued)

\*Included within the Pension Reserve is £348,000 of LGPS asset transferred in in respect of MCMA.

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

- Restricted General Funds are used specifically to provide educational resources for the pupils of the Academies.
- Restricted Fixed Asset Funds provide for the installation, maintenance and repair of the Fixed Assets of the Academies. Unrestricted Funds are those other Resources which may be used to further the objectives of the Academies.
- There are no limits on the amount of GAG that could be carried forward at 31<sup>st</sup> August 2016 as outlined in the Academies Financial Handbook or otherwise as the Secretary of State may specify.

### Analysis of fund balances by Academy

Fund balances at 31<sup>st</sup> August 2016 were allocated as follows: £'000

Co-operative Academy of Leeds	1,236
Co-operative Academy of Manchester	1,294
Co-operative Academy of Stoke	122
MCMA	1,103
Brownhill Primary	907
Woodlands Primary	480
Oakwood Primary	561
Nightingale Primary	129
Central services	409
	<hr/> 6,241
Restricted fixed asset fund	81,798
Pension reserve	(12,605)
	<hr/> 75,434 <hr/>

### Analysis of cost by Academy

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

	Teaching and Educational Support Staff Costs £'000	Other Support Costs £'000	Educational Supplies £'000	Other Costs (excluding depreciation) £'000	Total £'000
Co-op - Leeds	4,943	283	521	1,651	7,398
Co-op - Manchester	3,433	1,049	566	836	5,884
Co-op - Stoke	3,745	602	304	645	5,296
MCMA	2,273	470	256	480	3,479
Brownhill Primary	1,365	147	201	307	2,020
Woodlands Primary	1,540	200	152	283	2,175
Oakwood Primary	1,747	165	124	579	2,615
Nightingale Primary	570	67	69	205	911
Central services	38	1,640	136	283	2,097
	<hr/> 19,654	<hr/> 4,623	<hr/> 2,329	<hr/> 5,269	<hr/> 31,875 <hr/>

Depreciation of £2,403k (2015 £1,822k) has been excluded.



THE CO-OPERATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016

20 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total funds £'000
Tangible fixed assets	-	-	81,798	81,798
Current assets	2,134	7,510	-	9,644
Current liabilities	-	(3,403)	-	(3,403)
Pension scheme liability	-	(12,605)	-	(12,605)
<b>Total net assets</b>	<b>2,134</b>	<b>(8,498)</b>	<b>81,798</b>	<b>75,434</b>

21 Capital commitments

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements	<u>1,109</u>	<u>148</u>

22 Financial commitments

*Operating leases*

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

*Equipment*

	2016 £'000	2015 £'000
Amounts due within one year	72	40
Amounts due within one to two years	82	67
Amounts due after five years	<u>2</u>	<u>-</u>
	<u>156</u>	<u>107</u>

*Land and Buildings*

	2016 £'000	2015 £'000
Amounts due within one year	1,583	1,576
Amounts due within one to two years	6,319	6,292
Amounts due after five years	<u>17,853</u>	<u>19,332</u>
	<u>25,755</u>	<u>27,200</u>

THE CO-OPERATIVE ACADEMIES TRUST

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

	2016	2015
	£'000	£'000
<b>23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities</b>		
Net income for the reporting period (as per statement of financial activities)	<b>31,045</b>	46,083
Depreciation (note 12)	<b>2,403</b>	1,822
Loss on disposals	-	2
Capital grants from DfE and other capital income	<b>(979)</b>	(1,298)
Investment Income (note 5)	<b>(39)</b>	(37)
FRS 102 pension cost less contributions payable (note 28)	<b>378</b>	(220)
FRS 102 pension finance costs (note 28)	<b>738</b>	490
Increase in Stocks	<b>(10)</b>	(7)
Decrease in debtors	<b>(435)</b>	(249)
Increase in creditors	<b>648</b>	1,634
Voluntary Income -transfers in of MCMA ( note 30)	<b>(33,658)</b>	(44,148)
Costs of Voluntary Income- pension liability	-	1,925
Voluntary income – transfer from Local Authority on conversion	-	(5,123)
<b>Net cash inflow from operating activities</b>	<b>91</b>	872
<b>24 Cash flow from investing activities</b>		
	2016	2015
	£'000	£'000
Interest received	<u>39</u>	<u>37</u>
<b>25 Cash flows from financing activities</b>		
	2016	2015
	£'000	£'000
Purchase of tangible fixed assets (note 12)	<b>(1,784)</b>	(1,503)
Cash received for disposals	-	2
Capital grants from DfE/EFA	<b>979</b>	1,298
	<b>(805)</b>	(203)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**26 Contingent Liabilities**

There are no contingent liabilities of which the Governors or staff are aware as at 31st August 2016 which need to be reflected in the accounts.

**27 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.

**28 Pension and similar obligations**

The Academy'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 Schemes (LGPS) for non-teaching staff, depending upon where the academy is situated. Manchester based academies are managed by Tameside Borough Council, the Leeds based academies are managed by the City of Bradford MDC and the Stoke based academy is managed by Staffordshire County Council.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31<sup>st</sup> March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**28 Pension and similar obligations (continued)**

**Valuation of the Teachers' Pensions Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,619,342 (2015: £1,152,558).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**28 Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,459,000 of which employer's contributions totalled £1,045,000 and employees' contributions totalled £ 414,000. The agreed contribution rate for future years is between 5.5% and 7.5% for employees, dependent on earnings. The future rate for employers is 18.3% from April 2015 and 19.1 % from April 2016.

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

**Principal Actuarial Assumptions**

The latest actuarial valuation for The Co-operative Academies Trust's liabilities within each of the three administrations took place as at 1 September 2013. Liabilities have been estimated by independent qualified actuaries on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuaries in updating the latest valuation of the Employer's assets and liabilities for FRS 17 purposes were:

**Principal financial assumptions (% per annum)**

	<b>31 August 2016</b>	<b>31 August 2015</b>
Discount rate	2.0-2.1	Range 3.7-3.8
RPI Inflation	3.0	3.2
CPI Inflation	1.9-2.0	2.3
Rate of increase to pensions in payment	2.1	Range 2.1-2.7
Rate of increase to deferred pensions	Range 1.9-2.1	Range 2.1-2.7
Rate of general increase in salaries	Range 2.5-3.4	Range 3.6-4.6
Commutations of pensions to lump sums	50%	50%

**Sensitivity assumptions**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	23%	8,361
1 year increase in member life expectancy	5%	1,672
0.5% increase in the Salary Increase Rate	17%	6,230
0.5% increase in the Pension Increase Rate	19%	7,052

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**28 Pension and similar obligations (continued)**

**Mortality assumptions**

The mortality assumptions, which are based on the recent actual mortality experience of members within the Fund, allow for expected future mortality improvements. The ranges for 2016 reflect the fact that the three LGPS schemes are administered separately.

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
<b>Males</b>	<b>21.4-22.7</b>	<b>21.4-22.6</b>
<b>Females</b>	<b>24.0-25.6</b>	<b>24.0-25.5</b>
<i>Retiring in 20 years</i>		
<b>Males</b>	<b>24.0-24.9</b>	<b>24.0-24.8</b>
<b>Females</b>	<b>26.6-28.0</b>	<b>26.6-27.8</b>

**Expected return on assets**

The approximate split of assets for the Fund as a whole (based on data supplied by the three Fund Administering Authorities) is shown in the table below.

	<b>Fair value at 31 August 2016 £000</b>	<b>Fair value at 31 August 2015 £000</b>
Equities	17,458	7,439
Bonds	3,821	1,525
Property	1,383	554
Cash	950	283
Other	240	179
<b>Total Fair value of assets</b>	<b>23,852</b>	<b>9,980</b>

The actual return on scheme assets was £3,583,000 (2015 £166,000)

THE CO-OPERATIVE ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016

**28 Pension and similar obligations (continued)**

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September 2015</b>	<b>14,161</b>	<b>6,993</b>
Current service cost	<b>1,482</b>	<b>1,034</b>
Interest cost	<b>738</b>	<b>490</b>
Employee contributions	<b>414</b>	<b>304</b>
Actuarial Gain during the year	<b>11,239</b>	<b>(213)</b>
Benefits paid	<b>(266)</b>	<b>(56)</b>
Past Service cost	<b>-</b>	<b>-</b>
Net increase in liabilities from acquisitions	<b>8,748</b>	<b>5,606</b>
Curtailments and settlements	<b>(59)</b>	<b>3</b>
<b>At 31 August 2016</b>	<b><u>36,457</u></b>	<b><u>14,161</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September 2015</b>	<b>9,980</b>	<b>5,192</b>
Expected return on plan assets (excluding net interest)	<b>564</b>	<b>564</b>
Actuarial (losses)/gains	<b>3,019</b>	<b>(398)</b>
Employer contributions	<b>1,045</b>	<b>693</b>
Employee contributions	<b>414</b>	<b>304</b>
Benefits paid	<b>(266)</b>	<b>(56)</b>
Net increase in assets from acquisitions	<b>9,096</b>	<b>3,681</b>
Settlements	<b>-</b>	<b>-</b>
<b>At 31 August 2016</b>	<b><u>23,852</u></b>	<b><u>9,980</u></b>

THE CO-OPERATIVE ACADEMIES TRUST

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**28 Pension and similar obligations (continued)**

Total expenditure recognised in the Statement of Financial Activities

<b>2016</b>	2015
<b>£000</b>	£000

Current service cost (net of employee contributions)

<b>1,482</b>	1,034
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(Gains)/Losses on Curtailments

<b>(59)</b>	3
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Total operating charge

<b><u>1,423</u></b>	<u>1,037</u>
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Analysis of pension finance costs

<b>2016</b>	2015
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<b>£000</b>	£000
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Net interest cost

<b><u>738</u></b>	<u>490</u>
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<b>2016</b>	2015
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<b>£000</b>	£000
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Total actuarial (losses)/gains

<b><u>(7,656)</u></b>	<u>(185)</u>
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**The history of experience adjustments is as follows:**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	£'000	£'000	£'000	£'000
Present Value of defined benefit obligations	(36,457)	(14,161)	(6,993)	(4,773)	-
Fair Value of share of scheme assets	<u>23,852</u>	<u>9,980</u>	<u>5,192</u>	<u>3,283</u>	-
Deficit in the scheme	<u>(12,605)</u>	<u>(4,181)</u>	<u>(1,801)</u>	<u>(1,490)</u>	-
	<b>£'000</b>	£'000	£'000	£'000	£'000
Experience adjustments on share of scheme assets	<u>3,019</u>	<u>(398)</u>	<u>122</u>	<u>185</u>	-
	<b>£'000</b>	£'000	£'000	£'000	£'000
Experience adjustments on scheme liabilities	<u>(11,239)</u>	<u>12</u>	<u>(84)</u>	<u>449</u>	-

The Co-operative Academies Trust became a participating Employer in the West Yorkshire Fund on 1<sup>st</sup> September 2012 on obtaining Academy status and a participating Employer in the Greater Manchester Fund and Staffordshire Fund on 1<sup>st</sup> September 2014.

Those employees of MCMA who participated in the LGPS at the point of transfer on 1 March 2016 were already Members of the Greater Manchester Fund.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**29 Related Party Transactions**

The Governors consider that The Co-operative Group is a related party by virtue of significant influence. The Trust received support during the period from The Co-operative Group in respect of Governors services at a total cost of £nil (2015 £nil). At the year-end there was a balance owed to The Co-operative Group of £nil (2015 £nil).

Donations totalling £103,000 were received from The Co-operative Group during the year (2015 £100,000).

In entering into transactions the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

**30 Conversion to an Academy Trust and academy transfers**

On 1st March 2016 the trade and assets of Manchester Creative and Media Academy (MCMA) were transferred to the Trust.

The assets and liabilities transferred on conversion from the school to the Trust have been valued at their fair value. Fair value is derived based on the cost of an equivalent item. For land and buildings, the buildings were transferred at their depreciated replacement cost as recorded in the relevant accounts as at 28<sup>th</sup> February 2016. The fair value is in accordance with the accounting policies set out for The Co-operative Academies Trust. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in charitable activities as net income in the Statement of Financial Activities in the year of acquisition and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the note 30.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities. The consideration was £nil.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
<b>Surplus funds acquired</b>				
Fixed Assets	-	-	31,983	<b>31,983</b>
Cash balances	142	1,187	-	<b>1,329</b>
Current assets	-	191	-	<b>191</b>
Current Liabilities	-	(160)	-	<b>(160)</b>
Long Term Liabilities	-	(33)	-	<b>(33)</b>
LGPS Pension asset	-	348	-	<b>348</b>
	<b>142</b>		<b>31,983</b>	<b>33,658</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**31 Post Balance Sheet Event**

At its meeting on 13<sup>th</sup> September 2016, the Trust Board approved to acquire Failsworth High School, subject to the completion of due diligence and the completion of transfer documentation with the Department for Education. It is anticipated that Failsworth High School will formally join the Trust on 1<sup>st</sup> February 2017.

**32 Agency Arrangements**

The Academy Trust administers the disbursements of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £22,868 (2015: £25,260) and disbursed £17,956 (2015: £41,885), with an amount of £5,221 (2015: £1,213) repayable to the Academy Trust at the 31 August 2016 included in other creditors.

## THE CO-OPERATIVE ACADEMIES TRUST

### **Independent Auditor's Report on Regularity to the Governing Body of The Co-operative Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 24<sup>th</sup> August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by The Co-operative Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of The Co-operative Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Co-operative Academies Trust's funding agreement with the Secretary of State of Education dated 30<sup>th</sup> August 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been complemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

## THE CO-OPERATIVE ACADEMIES TRUST

### Conclusion

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



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