

**City of London Academies  
Trust**

**Consolidated Annual Report and  
Financial Statements**

31 August 2018

Company Limited by Guarantee  
Registration Number  
04504128 (England and Wales)

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## Legal and administrative information

<b>Members</b>	Mr M Boleat Ms C S McGuinness Ms P A Holmes Ms C D James (Appointed 8 March 2018) Town Clerk (Corporate Member) Mr J Barradell
<b>Trustees (and Directors)</b>	Mr A S McMurtrie (Chair) Mr P G Bennett (Appointed 18 August 2018) Mr R W Blackwell Ms D Elliott Mr L Green Mr C M Hayward (Resigned 1 March 2018) Ms P A Holmes Ms C D James (Appointed 8 March 2018) Mr E G Martin Mr D P Patel
<b>Chief Executive Officer and Accounting Officer</b>	Mr M Emmerson Prof Dr A Bamford OBE (interim 10 April 2018 – 31 July 2018)
<b>Chief Financial Officer</b>	Ms C N Hersey
<b>Senior Management Team</b>	
Executive Principal of City of London Academy Southwark	Mr R Bannister
Executive Headteacher of Redriff and Galleywall Primary Schools	Mr M Kelly
Head of School for City of London Academy Southwark	Dr J Quaye (resigned 31 August 2018)
Headteacher of Galleywall Primary School	Ms S Cohring
Headteacher of Redriff Primary School	Ms C Heath
Principal of City of London Academy Shoreditch Park	Ms H Arles
Principal of City of London Academy Highgate Hill	Ms N Haynes (resigned 31 December 2017) Mr P Gennuh (appointed 1 January 2018)
Headteacher of City of London Primary Academy Islington	Ms K Clapham
Executive Principal of City of London Academy Highbury Grove	Ms C Verga
Principal of City of London Academy Highbury Grove	Ms A Lyall
Principal of Newham Collegiate Sixth Form Centre City of London Academy	Mr M Ismail

## Legal and administrative information

<b>Registered office</b>	Guildhall PO Box 270 Gresham Street London EC2P 2EJ
<b>Company registration number</b>	04504128 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	<i>City of London Academy Southwark, City of London Academy Shoreditch Park, City of London Primary Academy Islington, City of London Academy Highgate Hill and the central Trust function:</i>  NatWest Moorgate Branch PO Box 712 94 Moorgate London EC2M 6UR  <i>Redriff and Galleywall Primary Schools:</i>  Lloyds Bank plc 25 Camberwell Green London SE5 7AB
<b>Solicitors</b>	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE  Bevan Brittan Fleet Place House 2 Fleet Place London EC4M 7RF  Comptroller & City Solicitor City of London Corporation PO Box 270 Gresham Street London EC2P 2EJ

The Trustees present their annual report together with the financial statements and auditor's report of the City of London Academies Trust ('the charitable company' or 'the Trust') and the group for the year to 31 August 2018. The annual report serves the purposes of both a Trustees' report under charity law and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 38 to 44 therein and comply with the Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **PRINCIPAL ACTIVITIES**

The principal activity of the Trust is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing schools offering a broad, balanced and challenging curriculum.

During the year the Trust operated eight academies across inner London:

- ◆ City of London Academy Southwark, a secondary school with sixth-form provision;
- ◆ Redriff Primary School, a two-form entry primary school in Southwark which has taken a third Reception bulge class in recent years;
- ◆ Galleywall Primary School, a two-form entry primary school in Southwark which opened in September 2016 and had children in Reception and Year 1 in 2017-18;
- ◆ City of London Academy Shoreditch Park, a new secondary academy in Hackney which opened in September 2017 with a cohort of Year 7 students;
- ◆ City of London Primary Academy Islington, a new two-form entry primary academy which opened in September 2017 with two Reception Classes;
- ◆ City of London Academy Highgate Hill. This was formerly Mount Carmel Catholic College for Girls in Islington, a maintained secondary school which closed on 31 August 2017 and reopened as a new academy for boys and girls on 1 September 2017, with its first cohort of boys joining the new Year 7;
- ◆ City of London Academy Highbury Grove. This was formerly Highbury Grove School, a maintained secondary school with sixth-form provision in Islington which converted to academy status and joined the Trust from 1 December 2017; and
- ◆ Newham Collegiate Sixth Form Centre City of London Academy. Newham Collegiate Sixth Form Centre was a sixth-form provision managed by Newham Council. This highly successful, high-achieving post-16 provision was transferred to a new 16-19 free school academy which opened on 1 January 2018 as part of the Trust.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Trust is a company limited by guarantee and an exempt charity regulated by the ESFA.

The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as City of London Academies Trust.

The City of London Corporation is the Sponsor of the Trust, and the Trust is required to comply with the terms of the Sponsor Agreement between the Trust and Sponsor.

Details of the Trustees who served throughout the year and to the date of approval of this report are included in the Legal and Administrative Details on page 1.

The members of the Trust shall comprise:

- ◆ The Sponsor;
- ◆ Up to four persons appointed by the Sponsor;
- ◆ Any such additional members that the Sponsor thinks fit.

The members of the Trust are listed on page 1. The members undertake to contribute to the assets of the Trust in the event of it being wound up while s/he is a member, or within one year after s/he ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before s/he ceases to be a member.

### **Trustees Indemnities**

Trustees benefit from indemnity insurance purchased at the Trust's expense, through the Risk Protection Arrangement, to cover liability of Trustees by virtue of any rule of law that would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust.

### **Method of recruitment and appointment or election of Trustees**

The Trustees of the charitable company shall comprise:

- ◆ Up to six persons appointed by the Sponsor;
- ◆ The Chief Executive Officer (CEO), if appointed as such by the charitable company members; and
- ◆ A minimum of two Parent Trustees if no Local Governing Bodies are formed or provision made for at least two Parent Trustees on each established Local Governing Body.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Method of recruitment and appointment or election of Trustees (continued)**

The Trust may appoint co-opted Trustees provided Sponsor Trustees remain a majority on the Board.

The term of office is four years. Trustees shall cease to hold office if removed by the person or persons who appointed them, or otherwise by an ordinary resolution of members in accordance with the Companies Act 2006.

### **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided to new Trustees will depend on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, financial accounts, budget plans and other documents that they will need to undertake their role as Trustees. As the number of Trustees joining the Trust during the course of the year is very low, induction has been informal and tailored specifically to the individual.

With the delegation of responsibility from the Trust Board to the Local Governing Bodies (LGBs) the priority for much of the training and development has been targeted at both Trustees of the overall Trust and Governors appointed to the LGBs of individual academies. The City of London Corporation runs comprehensive training programmes, which include the following:

- ◆ Managing and Interpreting Data;
- ◆ The Role of the Director/Trustee and the Governor;
- ◆ Safeguarding;
- ◆ Financial Management;
- ◆ Statutory Updates; and
- ◆ Exclusion Training.

Governors of individual academies may also attend training provided locally, e.g. by the relevant local authority, which is tailored to the needs of their particular academy.

### **Organisational structure**

The Trustees establish the overall framework for the governance of the Trust in accordance with the terms and spirit of the Sponsorship Agreement and the company's articles of association. A Trust Scheme of Delegation is in place (which is reviewed regularly by both the Sponsor and the Board of Trustees) which sets out the delegation of responsibility and authority across the Sponsor, the Board of Trustees, the Chief Executive Officer (CEO) and the Local Governing Bodies of each academy. This Scheme of Delegation is available on the Trust's website.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational structure (continued)**

The Sponsor's interests in terms of the Scheme of Delegation are represented by the City of London Corporation Education Board. The Sponsor's interests are further represented by the Trustees it appoints to the Board of Trustees.

Each academy is required to establish a Local Governing Body (LGB). The LGB fulfils much the same role as the Trust Board of a standalone academy in terms of monitoring the day to day operations of the academy and holding the Principal/Headteacher to account. Each LGB may choose to establish its own subcommittees, each with a particular focus e.g. finance and resources, curriculum, standards and achievement.

During the year the three Southwark academies (City of London Academy Southwark, Redriff Primary School and Galleywall Primary School) have established, on a trial basis, a joint 'Southwark Hub' LGB to monitor the operations of all three academies and promote collaboration, sharing and optimisation of talent and resources across the three academies. The success of this new trial arrangement will be reviewed after a year by the Trustees and the Sponsor.

During the year there were two subcommittees of the main Trust Board; the Finance, Audit and Risk Committee and the Standards and Accountability Committee. Details of these two Committees are included within the Governance Statement.

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

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. None of the Trustees of the Trust receive any remuneration for their services as Trustees.

The performance management and remuneration of the CEO is undertaken by the Board of Trustees with support from an external professional adviser. The remuneration of other staff in the Trust's central team is delegated to the CEO and further delegated to senior post holders, and made in accordance with the Trust's pay policy, pay scales and performance management and appraisal policy.

The performance management and remuneration of the Principal/Headteacher of each academy is undertaken by the appropriate Local Governing Body, supported by the CEO, and in accordance with the Trust's pay policy, pay scales and performance management and appraisal policy. The pay of academy leaders is based on the size and nature of their academy. These salaries are based on an appropriate range.

Subsequent to the year end, the Trust Board has established a third subcommittee being the Remuneration Committee. Its terms of reference include review and approval of performance management outcome and pay recommendations for the CEO, Chief Financial Officer (CFO) and the Senior Management Team listed on page 1.



## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Arrangements for setting pay and remuneration of key management personnel (continued)

Other senior leaders within each of the schools are remunerated in accordance with the Trust's performance management process and approved pay and performance management and appraisal policies.

### Trade union facility time

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulation 2017, the following information has been provided in respect of Trust employees involved in trade union facility time activity.

#### Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
3	3

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	—
1% - 50%	3
51% - 99%	—
100%	—

#### Percentage of pay bill spent on facility time

Total cost of facility time	£13,355
Total pay bill	£19,107,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.07%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	83.71%
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#### Related parties and other connected charities and organisations

City of London Academy Southwark Lettings Limited (Company Registration Number 08145335) was incorporated on 14 August 2012 and began trading on 1 September 2012. It is a wholly owned subsidiary of the Trust. Its principal activity is to manage the lettings of sports facilities at City of London Academy Southwark.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Related parties and other connected charities and organisations** (continued)

The City of London Corporation is the sponsor of the Trust.

The Trust also works collaboratively with the wider family of City of London Schools which include:

- ◆ The City Academy, Hackney;
- ◆ City of London Academy Islington;
- ◆ Sir John Cass's Foundation Primary School;
- ◆ City of London School for Girls;
- ◆ City of London School; and
- ◆ City of London Freeman's School.

The Trust has several service level agreements in place with other City of London Schools to enable sharing of senior leadership staff, support staff and services. There are also regular meetings and training sessions to which all the schools are invited so that skills, knowledge, best practice and experience can also be shared.

### **Equal opportunities**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

### **Disabled persons**

City of London Academies Trust is committed to providing equal opportunities for all and welcomes applications for:

- ◆ employment from those with a disability; and
- ◆ places from pupils with disabilities.

The Trust's recruitment process ensures that applicants for posts are shortlisted on the basis of how their qualifications and experience match the specification for the job. The Trust recognises that some disabled people will need adjustments to be made in order for them to do the job. The Trust will look at what changes could be made to the workplace or to the way work is done and make any changes that are reasonable. If an employee develops a disability, the Trust will make every effort to retain his/her services by making reasonable adjustments to the workplace, the methods of working or by finding another suitable role for her/him.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Disabled persons (continued)**

When decisions are made about an individual, the only personal characteristics or circumstances taken into account will be those which are necessary for the proper performance of the work involved. As part of the performance management process, disabled employees will be given the opportunity to discuss what can be done to develop and use their abilities.

Disabled pupils applying for a place at a Trust school will undergo the standard admissions procedure; offers of a place will be made on the basis laid down in the Admissions Policy and Procedures for each academy.

The needs of the disabled have been considered in the design of the Trust's school buildings and in the equipment purchased for teaching and learning. When planning educational and other activities outside the school day, staff organising the events will carefully consider the types of activity and the adjustments that can be made so that disabled colleagues and pupils can take part fully.

The staff, Trustees and Governors will regularly review the provision it makes for disabled staff and pupils and strive to continually improve the facilities available.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The City of London Academies Trust aims to provide a high-quality education for all its students. The Trust aims for all schools to be recognised as 'Outstanding' within three years of joining the Trust.

City of London Academies draw upon the best traditions, institutions, heritage and historical successes of the City of London Corporation and London itself. The Trust seeks to deliver life-transforming learning experiences allowing all pupils, whatever their background, to develop into successful, compassionate young adults, who make a positive contribution to their local, national and global communities.

The City of London, its schools and academies are characterised by:

- ◆ High expectations, aspirations, excellence and a belief that all can succeed;
- ◆ Combining creativity, innovation and enterprise, alongside tradition and continuity;
- ◆ Developing people who are confident, resilient, compassionate and democratic.

### ***City of London Academies Trust Foundations of Excellence***

Although all schools within the Trust are different, they all subscribe to the same ethos. All City of London academies in the Trust are expected to exhibit the five attributes of outstanding educational provision. These simple and effective principles are the essential drivers that deliver outstanding outcomes for learners and are key to the success of the Academies. They are:

## OBJECTIVES AND ACTIVITIES (continued)

### Objects and aims (continued)

#### *City of London Academies Trust Foundations of Excellence (continued)*

<b>High expectation leadership</b>	Dynamic and skilled leadership from school leaders and governors founded in the core belief that all children can succeed.
<b>Exemplary behaviour</b>	Behaviour for learning based on a set of defined core values that promote engagement, respect, tolerance, probity, curiosity, resilience, creativity, and independence.
<b>Outstanding creative teaching</b>	Highly skilled teaching that inspires, engages, supports, and challenges learners whatever their starting point.
<b>Assessment that informs intervention</b>	Target-setting and assessment systems that set challenging targets and provide data that supports intervention if that progress is not being made.
<b>A challenging curriculum</b>	A formal curriculum that matches the high expectations of progress providing a range of high-status qualifications for each learner. A rich informal curriculum that supports the wider development of each learner through personal, sporting, creative, and employer related experiences.

The success of the Trust will be judged by excellence in examination results, standards of behaviour, sporting and creative achievement as well as the politeness, self-discipline, and the compassion of its students. It is important to the Trust that students enjoy learning and feel safe and happy at school and are enabled to develop their confidence, independence, and self-awareness required for their future success and well-being. Students will be taught in an environment that promotes academic, creative, sporting, linguistic, and personal achievement: this is 'the City experience'.

### Strategies and activities

During the year the Trust operated eight academies across inner London:

- ◆ City of London Academy Southwark, a secondary school with sixth-form provision;
- ◆ Redriff Primary School, a two-form entry primary school in Southwark;
- ◆ Galleywall Primary School, a two-form entry primary school in Southwark which opened in September 2016 and had children in Reception and Year 1 in 2017-18;
- ◆ City of London Academy Shoreditch Park, a new secondary academy in Hackney which opened in September 2017 with a cohort of Year 7 students;
- ◆ City of London Primary Academy Islington, a new two-form entry primary academy which opened in September 2017 with two Reception Classes;

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Strategies and activities (continued)**

- ◆ City of London Academy Highgate Hill. This was formerly Mount Carmel Catholic College for Girls in Islington, a maintained secondary school which closed on 31 August 2017 and reopened as a new academy for boys and girls on 1 September 2017, with its first cohort of boys joining the new Year 7;
- ◆ City of London Academy Highbury Grove. This was formerly Highbury Grove School, a maintained secondary school with sixth-form provision in Islington which converted to academy status and joined the Trust from 1 December 2017; and
- ◆ Newham Collegiate Sixth Form Centre City of London Academy. Newham Collegiate Sixth Form Centre was a sixth-form provision managed by Newham Council. This provision was transferred to a new 16-19 free school academy which opened on 1 January 2018 as part of the Trust.

City of London Academy Southwark (COLAS) is a large over-subscribed secondary academy (PAN (Published Admission Number) of 240) with a well-established sixth-form. During the year the school opened its brand-new sixth-form facility located near the main school site. The new centre offers extensive classroom, study and IT facilities to support the school's growing sixth-form student population and will free up space on the main school site for further developments. The school offers a wide range of extra-curricular activities and invites guest speakers to talk to students including, in 2017-18, Baroness Shami Chakrabarti and the Rt. Hon. Nick Gibb.

Redriff Primary School is an over-subscribed two-form entry primary school which also has a nursery class with a mixture of 60 full-time and part-time places. Nursery and Reception classes have their own separate, well equipped outdoor play area. The school has expanded again in the year, taking an additional third Reception bulge class of 30 children for the second year in September 2017. The school has also welcomed a third bulge class in September 2018. To accommodate these extra pupils two brand new classrooms were completed in 2016-17 and two further temporary classrooms have been constructed in 2017-18.

Galleywall Primary School welcomed its second two classes of Reception children in September 2017, with a further two classes joining in September 2018. The school occupies the original Galleywall School site, a grand Victorian building undergoing an extensive refurbishment which is phased floor-by-floor to allow the school to move in to each newly-completed floor as the school population grows.

The three Southwark schools have continued to work more closely together as a 'hub', bringing together governance as well as support services, such as finance, HR, IT, catering and premises, to improve efficiencies and manage costs.

City of London Academy Shoreditch Park (COLASP) is a new secondary academy with a PAN of 180 (total of 900 students when full across all year groups) which opened with its first cohort of Year 7 students in September 2017, and the second cohort joining in September 2018. The school currently occupies purpose-built temporary buildings on a site

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Strategies and activities (continued)**

in Hackney and will be moving to its brand-new permanent site near Shoreditch Park in Hackney in 2021.

City of London Primary Academy Islington (COLPAI) is a new two-form entry academy which opened with two Reception classes in September 2017. The school is leasing temporary premises within another Islington primary school and will be moving to its brand-new permanent site on the border of Islington and the City of London in 2020. The new school is being built by the Corporation of London.

City of London Academy Highgate Hill (COLAHH) opened on 1 September 2017. The school has a PAN of 140 with the first cohort of boys joining the new Year 7 in September 2017, and girls only in years 8-11. The school occupies a site in north Islington comprising a mixture of Victorian, Edwardian and mid twentieth century buildings which were all subject to extensive refurbishment in 2012-13 as part of the Buildings Schools for the Future programme. In the year, the academy secured £424,000 of funding for extensive refreshment of its IT infrastructure and equipment and the first phase of this was completed between July and August 2018.

Highbury Grove School, a maintained secondary school with sixth-form provision in Islington, converted to academy status under an academies order to become City of London Academy Highbury Grove (COLAHG) from 1 December 2017. However, the school was being managed by the Trust between 1 September 2017 and 30 November 2017 under a service level agreement with the local authority. In September 2017, the school received its first Ofsted monitoring inspection since the school became subject to special measures following the inspection that took place in December 2016 under previous leadership. In the monitoring inspection, the school was recognised for its "swift" and "effective" improvements to teaching and pupil behaviour. The inspectors noted that pupils' personal development and welfare had improved because of the introduction of a new set of standards promoting high expectations of behaviour. The school occupies a site which was built and continues to be managed under a PFI agreement. The site is shared with Samuel Rhodes School (an Islington special school) who share COLAHG facilities including the dining hall, the swimming pool and the sixth form centre. The sixth form centre is undergoing refurbishment and expansion (funded by Islington council) which will then allow the academy to expand. COLAHG has a strong focus on music and is the founding school of the Music in Secondary Schools Trust (MiSST), a charity which receives funding from the Andrew Lloyd Webber Foundation and gives it to schools like COLAHG so that every student can learn to play a musical instrument for free. In March 2018, the academy featured in a BBC documentary looking at Lord Lloyd Webber's childhood, his career to date, and his legacy.

Newham Collegiate Sixth Form Centre (NCS) was a sixth-form provision managed by Newham Council. The provision was transferred to a new 16-19 free school academy which opened on 1 January 2018 as part of the Trust. NCS is an innovative and dynamic Sixth Form that caters for the most able students in East London and offers a Super Curriculum, outstanding A-Level education and various other opportunities.

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Strategies and activities (continued)**

These opportunities include a diverse range of visiting speakers and lecturers which, in 2017-18, included Dr Adam Rutherford, Adil Ray and Ben Page (Chief Executive of IPSOS MORI). In 2017-18 NCS students won a number of prestigious competitions including Best Individual Speaker at Eton Debating Competition, 1st place in Oxford University's Edgar Jones Philosophy Prize and the Harvard Book prize. NCS also works in strategic partnership with UCL to offer opportunities to students and professional development for staff. The academy occupies three buildings on a shared campus in East Ham. The Edwardian buildings are Grade II listed and two have been fully refurbished to provide high quality specialist teaching.

Students and pupils from all City of London Schools were invited to join the celebrations for the Lord Mayor's Show in November 2017 and a number of students from the Trust academies enjoyed participating in the formal parade.

During the year the Trust has also strengthened and grown its central Trust management team to support the academies. The central Trust team has established and developed Trust-wide systems for data management, analysis and reporting along with a more structured and formal process for scrutinising data, results, performance and achievement in each academy. The central team has also continued to focus on developing policies, procedures and systems to provide consistency, efficiencies and potential savings across the Trust schools in areas of support services including finance, HR, data, payroll provision, facilities management, data protection, insurance and IT strategy and support. Key achievements in the year include the introduction of a Trust-wide accounting system to provide greater transparency and consistency in financial management across the Trust and allow improved monthly and year-end reporting to Trustees.

### **Public benefit**

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. When setting the objectives of the Trust for the year, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education. The Trustees have delegated the setting of operational objectives to the LGBs in each individual academy. Key objectives are:

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high-quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of each academy by keeping the curriculum and organisational structure under continual review;
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements; and
- ◆ to conduct its business in accordance with the highest standards of integrity, probity and openness.

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Public benefit (continued)**

The Trust schools continue to grow and develop strong and effective local community links that support student achievement.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Key Performance Indicators**

The Trust's students and staff have celebrated an amazing set of GCSE and A Level exam results for the 2017-18 academic year. Particular highlights included COLAHG and COLAHH, which, in their first year in the Trust, have made excellent improvements on their results from the previous year.

### **A level results**

Overall, the Trust had a 99% pass rate at A level, with 70% of students achieving A\*-B grades, and 37% of grades being A\*-A.

COLAS students achieved a 99% pass rate (2017 – 100%) and 72% of students received A\*- C grades (2017 – 79%).

COLAHG students achieved a record number of A and A\* grades and the progress students made is above national averages. 100% of COLAHG students achieved A\*-C in Business Studies, English Literature and Language, History, Media Studies, Religious Studies, Sociology, Spanish and the Extended Project Qualification. There were exceptional results in Geography with 56% of students achieving an A or A\* and in Sociology with 76% of students achieving an A\*-B. Students have gone on to study at some of the most prestigious Universities in the country, including Cambridge, Manchester, Kings College London and Southampton.

NCS had incredible results, which saw 90% A\*-B grades achieved and eight students securing places to study at Oxford and Cambridge Universities.

### **GCSE results**

Across the Trust, students achieved 72% grades 9-4, with 55% achieving grades 9-5, and 67% of students achieving grade 4 and above in both English and Maths.

At COLAHG, significant improvements were made with the academy achieving its best results ever. There were outstanding outcomes at both grades 4 and level 5, with 69% of students achieving grade 4 and above in both English and Maths (equivalent to A\*-C grades) which represents an increase of almost 10% compared to 2017 and is above the national average.

At COLAS 73% of students at the academy received grade 4+ in English and Maths (equivalent to A\*-C grades), with 54% achieving grade 5 and above in English and Maths.



## ACHIEVEMENTS AND PERFORMANCE (continued)

### GCSE results (continued)

At COLAHH 60% of students achieved Grade 4 and above in English and Maths (equivalent to A\*-C grades).

This year 10% more students achieved Grade 5 and above compared to last year, before the school became part of the City of London Academies Trust.

### Key Stage 2 results

In 2017-18 Redriff Primary School achieved significant improvements in the outcomes and progress of year 6 children across reading, writing and mathematics performing better than 2016-17 and significantly above national averages, with notable improvements in mathematics especially for the more able pupils. Progress scores in reading writing and mathematics were 3.2, 4.0 and 4.7 respectively.

## FINANCIAL REVIEW

In 2017-18 the Trust has seen enormous change growing from three to eight academies in the year. This growth is reflected in the financial statements in the year with the transfer in of assets and liabilities from local authorities, which impacts the Trust's fixed asset and pension liability balances, and the significant increase in both income and expenditure.

The consolidated surplus for the year is £23.88m (£1.41m excluding the movements on the pension liability and fixed assets).

### Income

The Trust's total income for the year ended 31 August 2018 amounted to £60.38m (2017 - £19.62m) of which £29.51m (49%) related to DfE/ESFA revenue grants (2017 - £15.59m), this growth in ESFA revenue grant income mainly arising from the continued growth at Galleywall Primary School, the opening of four new academies in the Trust and the conversion of Highbury Grove School to an academy within the Trust.

Other key variances in income include:

- ♦ £24.90m of income recognised in the year on the transfer in of assets and liabilities at three of the new academies joining the Trust. This is explained further in Note 22 to the financial statements.
- ♦ A £1.1m increase in income from trading activities which includes wrap-around care and nursery provision, and income received under service level agreements with other schools outside of the Trust for leadership and support services. Income from trading activities has increased with the addition of the new academies in the year.

## **FINANCIAL REVIEW (continued)**

### **Expenditure**

Total expenditure (excluding depreciation and amortisation) in the year was £34.15m rising from £17.63m in 2017. Staff costs and numbers have increased with the addition of five new schools and pay rises across the Trust. Total staff costs have increased from £13.63m to £25.89m. This £12.26m increase in staff costs amounts to 74% of the total increase in expenditure in the year.

Staff costs in 2017-18 represent 75.8% of total costs (excluding depreciation and amortisation) compared to 77.3% in 2016-17.

### **Fixed Assets**

The Trust's capital investment in the year amounted to £1.64m and has been focussed on the new sixth-form building at City of London Academy Southwark, new classrooms at Redriff Primary and the first phase of an IT refreshment programme at City of London Academy Highgate Hill.

### **Cash**

The Trust had cash balances at the year-end of £5.75m (20167 - £3.10m), with the change in the year mainly due to operating activities.

### **Pension liabilities**

During the year the Trust has inherited local government pension scheme (LGPS) liabilities for three of the new academies totalling £4.17m. A liability was inherited on the conversion of City of London Academy Highbury Grove and liabilities were inherited on the opening of City of London Academy Highgate Hill and Newham Collegiate Sixth Form Centre under the commercial transfer agreements with the relevant local authorities.

The Trust has also now recognised a liability for City of London Academy Southwark as described in Note 21 to the financial statements. The liability at 1 September 2017 was £2.67m.

### **Reserves policy**

In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events. At the same time, the Trust wishes to ensure that funding is used actively to benefit the students in each of the academies and so use available reserves to enhance educational provision.

The Trustees have determined that the appropriate level of desired free reserves for the whole Trust should be equivalent to two months' operational expenditure (excluding the fixed assets fund) where possible, with the Trust aiming for a minimum required level equivalent to one month's operational expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants.

## **FINANCIAL REVIEW (continued)**

### **Reserves policy (continued)**

The Trust held consolidated fund balances at 31 August 2018 of £49.30m (2017 - £26.16m) comprising £4.10m (2017 - £2.36m) of unrestricted general funds and £45.21m (2017 - £23.80m) of restricted funds which includes the fixed asset fund of £52.98m (2017 - £24.63m) and a general restricted fund of £0.90m in deficit (2017 - £0.17m surplus). This general restricted fund together with unrestricted funds totals £3.21m (2017 - £2.53m). One months' worth of expenditure (excluding depreciation) is estimated to be £3.33m and so the Trust's current level of free reserves almost meets this minimum required level. The Trust has grown from three to eight schools in the year and so the monthly expenditure value is now much higher, but these five new schools have not yet had the opportunity to build up reserves to cover this increased expenditure as at 31 August 2018.

### **Investment policy**

The stated objectives in the Trust's current Investment Policy are:

- ♦ to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- ♦ To only invest funds surplus to operational need based on all financial commitments being met without any of the Trust's bank accounts becoming overdrawn.

By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

Each academy will make its own investment decisions in accordance with:

- ♦ The Trust Scheme of Delegation;
- ♦ The requirements of the Trust Investment Policy;
- ♦ The Trust Finance Policy and Procurement and Tendering Policy; and
- ♦ The terms of reference of the academy's Local Governing Body and its subcommittees.

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. The Trust's policy is to invest funds in risk-free and immediately accessible deposit accounts with the Trust's banking provider. If sufficient reserves are available an Academy may seek to invest in other low-risk accounts subject to approval by the Trust's Finance, Audit and Risk Committee. Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Academy and the Trust.

## **FINANCIAL REVIEW (continued)**

### **Going concern**

The Trustees have considered the detailed budgets for the next three years and beyond for each of the eight academies, and the Trust as a whole, to understand how the academies plan to manage increasing cost pressures (e.g. salary costs and pension costs) against a backdrop of uncertainty around future funding for schools. After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue 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.

### **Fundraising**

The Trust's approach to fundraising centres around the application for grant funding for specific projects in the schools. In the year the Trust successfully applied for £629,795 in grants from the Sponsor which have been used to fund a range of activities across the academies.

The Trust was also fortunate to receive donations of £69,340 in the year. The City of London Academy Southwark received donations of £58,381 in total from a number of City Livery companies. The Trust has also received several smaller donations in the year which have been used, for example, to buy library books.

Some academies work with staff, parents and governors to fundraise for the academy through, for example, parent-staff association events. As the academy staff are involved in this way the fundraising activities on behalf of the academy can be monitored and supervised to ensure the activities align with the academy's and the Trust's ethos and values. Galleywall Primary School held a Summer Fete which, as well as raising funds for the school, brought the school community together to celebrate the end of another academic year.

The Trust does not participate in direct fundraising approaches to members of the public, which might be considered unreasonably intrusive or persistent, or use professional fundraisers, and no fundraising complaints have been received in the year.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Trustees has a risk management process in place to assess strategic risks and implement appropriate risk management strategies. This has involved identifying the key risks the whole Trust faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks, then considering the costs of operating particular controls relative to the benefit obtained. The Trust's main risks are:

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

- ◆ ***Failure to attract and retain students while schools are in temporary premises, leading to loss of income, suboptimal use of resources and adverse implications for budgets.*** Marketing strategies are in place to maximise student recruitment and retention (and therefore income). Outstanding / Strong Good Ofsted reports within the Trust, strong exam results, links with the Corporation of London and behaviour of students inside and out of school all enhance the Trust's reputation and attractiveness of schools.
- ◆ ***Premises and facilities management difficulties including unaffordable building maintenance programmes, failure of the fabric of a building and new school buildings not being ready on time.*** Each school has an asset management plan in place to address routine maintenance, compliance work and longer-term planned maintenance and repair, which is managed by experienced premises teams and facilities management providers. For building works there is continued liaison with building contractors so timelines can be managed. All Academies have Business Continuity Plans in place.
- ◆ ***Maintaining standards - Trust does not achieve planned educational outcomes and exam performance in one or more of its academies.*** To mitigate this risk there is a relentless focus on securing 4 levels of progress from KS 2 to 4 for all pupils in all year groups. The Trust CEO is uncompromising in high expectations of students in all Academies and manages a programme of scrutiny and impact meetings across all schools. There is also a strong drive through CPD (continuing professional development) to ensure outstanding teaching. Outstanding data systems / reporting requirements with accountability are in place ensure that any downturn is flagged and corrective action is taken promptly. Regular reports to the LGB Committees and to the Trust Standards and Accountability Committee will provide early warning of any issues and enable under-performance to be addressed.
- ◆ ***Financial risks including reductions in funding, increasing employment costs, poor budgetary control, weak financial controls, poor financial planning or fraud.*** The Trust continually seeks opportunities for group procurement and shared services across the Trust to make savings. To ensure rigorous financial managements across the Trust there is close budget and cashflow monitoring on a monthly basis and each academy must have a 3-year forecast in place. Trust-wide finance policies are in place to ensure robust monitoring and reporting and strong internal financial controls. The Trust also seeks to recruit skilled, suitably qualified finance staff. There is also continued financial support from the Sponsor for specific programmes and activities.

## PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ **Significant loss or failure of key IT systems.** IT plans exist in each school to maintain high network and equipment reliability with appropriate support contracts and internal staffing for service management. Robust policies are in place covering access, usage and data protection. Experienced support staff are employed by the Trust to resolve day today issues and there is active knowledge sharing across Trust schools to identify optimal IT solutions for the next 3-5 years. IT capital expenditure is planned to align with Academy development plans where possible, with strategies for identifying and replacing legacy equipment reaching the end of its life.
- ◆ **Child protection and safeguarding failings.** The Trust has a number of systems, policies, training, procedures and controls, as well as designated responsible persons, qualified in their area of expertise, to help ensure it complies with legislative requirements. These specifically cover the areas including education law and child protection legislation. Each Academy can also seek legal advice where appropriate and/or obtain other expert advice and services from the relevant local authority team or other specialist children's services in the borough.

Each individual academy also maintains its own risk register to capture local, more operational risks as a means of identifying these risks so that appropriate local risk management strategies can be agreed and implemented within each academy.

## PLANS FOR FUTURE PERIODS

This has been a year of significant change for the Trust, growing from three to eight academies. The Trust will continue to grow its new schools with increasing pupil/student numbers anticipated each year as new cohorts join, supported by recruitment of quality teaching and support staff. The Trust will continue to manage, as best it can, the increasing cost pressures all schools face (e.g. salary costs and pension costs including the proposed increase in employer contributions to the Teachers' Pension Scheme from September 2019) against a backdrop of uncertainty around future funding for schools.

Planning permission has now been secured for the new permanent schools for City of London Primary Academy Islington and City of London Academy Shoreditch Park. The senior leaders in these academies and the central Trust team will continue to work closely with the developers of each site (London Borough of Hackney and the Corporation of London respectively) to inform the design process, leading to high quality teaching and learning facilities for the new growing schools.

The City of London Academies Trust is driven by the ambition to provide world-class experiences and deliver exceptional educational outcomes for the young people it serves. Combining the heritage and tradition of the Corporation of London with a refreshingly innovative and enterprising approach to teaching and learning, the Trust aims for every one of its schools to be judged as 'Outstanding' within three years of joining the Trust.

**PLANS FOR FUTURE PERIODS** (continued)

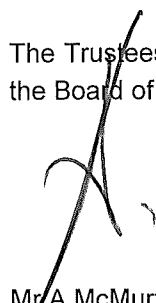
The Trust follows a strategy of controlled growth and will look to sponsor other schools expressing a wish to join the Trust where ethos and values are closely aligned. However, in the medium-term the Trustees do not expect to expand the Trust beyond twelve academies.

**AUDITOR**

In so far as the Trustees' are aware:

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

The Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr A McMurtrie  
Chair of Trustees

Date: 20 DECEMBER 2018

### **Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that the City of London Academies Trust (the '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 Chief Executive Officer (CEO), as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education.

The CEO is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Board of Trustees has met formally four times during the year with attendance (either in person or via a dial-in facility) as follows:

<b>Trustee</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mr A S McMurtrie (Chair)	4	4
Mr P G Bennett	0	0
Mr R W Blackwell	3	4
M D Elliott	1	4
Mr L Green	2	4
Mr C M Hayward	1	2
Ms P A Holmes	4	4
Mr E G Martin	3	4
Ms C D James	1	2
Mr D P Patel	3	4

During the year Christopher Hayward resigned as a Trustee and both Clare James and Peter Bennett were both appointed as Trustees.

The information and data presented to the Board of Trustees to inform their discussions and decisions is prepared by the Trust CEO, the Trust CFO (Chief Financial Officer), and the central Trust management team, who will also attend the Trustees' meetings as appropriate. The outline agenda for each Trustee Meeting across the academic and financial year is planned to ensure that all key issues are covered with appropriate frequency. The focus for the Trustees during 2017-18 has been to lead the growth of the Trust and the addition of five new academies whilst maintaining focus on standards, achievement and financial monitoring in the existing and new Trust schools. To facilitate this Trustees have been working with the Trust central management team to continue the development of Trust-wide systems and procedures and to agree and approve a number of key policies to be implemented.



**Governance** (continued)

This work will continue into the 2018-19 academic and financial year to further strengthen consistency and efficiency in operations across the Trust academies to support and enable the senior leaders in each academy to focus on educational standards and achievement.

The governance of the Trust and the effectiveness of the Board of Trustees are subject to regular review and challenge throughout the year by the City of London Corporation Education Board (representing the Sponsor) as part of the Education Board's scope. During the year, the City of London Corporation's internal audit team conducted a review of governance in the academies sponsored and co-sponsored by the Corporation and no significant findings were identified concerning the City of London Academies Trust.

Under the Trust's Articles of Association, the Trustees have the power to establish committees and subject to the wider Articles, determine the constitution, membership and terms of reference of any such committee. The membership of any committee of Trustees may include persons who are not Trustees, provided that with the exception of Local Governing Bodies, a majority of members of such committee shall be Trustees. The establishment, terms of reference and membership of any committee must be reviewed at least once every twelve months.

The Board of Trustees appointed to two committees in the year, the Finance, Audit and Risk Committee, and the Standards and Accountability Committee. Terms of Reference and membership of these two Committees are reviewed and agreed annually by the Board of Trustees.

***Finance, Audit and Risk Committee***

The Finance, Audit and Risk Committee's role is one of oversight. It is tasked with reviewing the overall financial position and risk profile of the Trust for appropriateness and to monitor the risk management techniques employed at all levels within the Trust and receiving the Auditors report before Board Approval. The Committee shall make whatever recommendations to the Board that it deems appropriate within the context of its terms of reference.

The Committee has met formally four times during the year with attendance (either in person or via a dial-in facility) as follows:

<b>Trustee</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mr A McMurtrie (Chair)	4	4
Ms D Elliott	3	4
Mr L Green	2	4
Mr C Hayward	1	2
Mr M Emmerson (for finance matters only)	4	4

**Governance** (continued)

***The Standards and Accountability Committee***

The Standards and Accountability Committee's role is one of oversight. It is tasked with reviewing the provision, standards, governance and leadership performance of all Trust academies. It provides a performance profile to the Trust Board and agrees/monitors the effectiveness of interventions to support relative under- performance.

The Committee shall make whatever recommendations to the Board that it deems appropriate within the context of its terms of reference to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Trustees' and LGBs' responsibility to ensure a strategic and systematic approach to promoting high standards of educational achievement.

The Committee has met formally three times during the year with attendance (either in person or via a dial-in facility) as follows:

<b>Trustee</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mr E Martin (Chair)	3	3
Mr A McMurtrie	3	3
Mr R Blackwell	3	3
Ms P A Holmes	3	3
Mr D Patel	2	3

**Review of value for money**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered and improved value for money during the year by collaborative working across the Trust, building capacity and delivering savings through joint procurement. Examples in the year include:

- ♦ The introduction of new Trust-wide cloud-based accounting software to make financial management and reporting transparent and consistent across all the academies. The cloud-based software means members of the finance teams can easily work across different schools allowing increased sharing and better allocation of skills, knowledge and resources;
- ♦ Working with suppliers to get multi-academy trust discounts and improved pricing and discounts for individual schools as the Trust grows in areas such as recruitment, payroll/HR support and insurance;

**Review of value for money (continued)**

- ♦ The three Southwark schools continuing to work more closely to bring together support services such as finance, HR, IT and premises management to make savings and create more consistency across the three schools; and
- ♦ Sharing skills, knowledge, experience and resources across the Trust and within the wider family of City Schools (including IT strategy and support, central finance supporting the new schools, trust-wide data management processes and analysis, and experienced school leaders working across schools to raise standards and support and coach new leaders).

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's 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 at the Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the 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 an ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees and each Local Governing Body.

**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 and Local Governing Bodies in each academy;
- ♦ regular reviews by the Board of Trustees and Local Governing Bodies 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;

**The risk and control framework** (continued)

- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees instructed the following during the year:

- ◆ The engagement of the external auditor to review the internal systems and controls in place at City of London Academy Southwark, Redriff Primary School and Galleywall Primary School with a focus on purchasing, payroll and the transfer across to the new trust-wide accounting software.
- ◆ The CFO has worked with the finance lead at another of the City schools to establish a reciprocal arrangement for quarterly checks on internal systems and controls in two of the Trust's academies and the central accounting function. The checks carried out in the current period included testing of purchasing systems and month-end reconciliations.
- ◆ The Chair of Trustees, CEO and CFO held detailed financial scrutiny meetings with the senior management team in each school to challenge historical and forecast financial performance, cash and reserves management, and to discuss the school's risk register.

In 2018-19, the Trustees will be implementing a more structured and comprehensive risk-based approach to internal audit and review across the whole Trust, with the support of the Sponsor.

**Review of effectiveness**

As Accounting Officer, the Chief Executive Officer of City of London Academies 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 external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

**Review of effectiveness** (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Risk Committee, and ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr A McMurtrie  
Chair of Trustees



Mr M Emmerson  
Accounting Officer

Date: 20 DECEMBER 2018

**Statement on regularity, propriety and compliance Year ended 31 August 2018**

As Accounting Officer of City of London Academies Trust (the 'Trust'), I have considered my responsibility to notify the Trust's Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

A handwritten signature in black ink, appearing to read 'M. Emmerson', followed by a long horizontal flourish.

Mr M Emmerson  
Accounting Officer

Date: 20 DECEMBER 2018

## Statement of Trustees' responsibilities Year to 31 August 2018

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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:

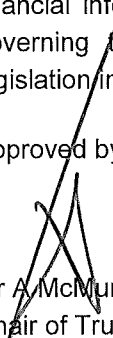
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DFE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:

  
Mr A. McMurtrie  
Chair of Trustees

Date: 20 DECEMBER 2018

**Independent auditor's report to the members of City of London Academies Trust**

**Opinion**

We have audited the financial statements of City of London Academies Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 31 August 2018 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



**Conclusions relating to going concern** (continued)

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Trustees' report (including the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report (including the strategic report) has been prepared in accordance with applicable legal requirements.

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

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

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

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

**Matters on which we are required to report by exception (continued)**

- ◆ we have not received all the information and explanations we require for our audit.

**Responsibilities of Trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

21/12/18

**Independent reporting accountant's assurance report on regularity to City of London Academies Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by City of London Academies Trust during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of City of London Academies Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of City of London Academies Trust's funding agreement with the Secretary of State for Education dated 4 September 2003, subject to a Deed of Variation dated 14 September 2014, and the Academies Financial Handbook, 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 Financial Handbook 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

## Independent reporting accountant's report 31 August 2018

### Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### 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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 21/12/18

# Consolidated statement of financial activities Year to 31 August 2018

	Notes	Restricted funds			2018 Total Funds £'000	2017 Total Funds £'000
		Un- restricted funds £'000	General fund £'000	Fixed assets £'000		
<b>Income from:</b>						
Donations and capital grants	2	69	—	1,272	1,341	1,516
Transfer from local authority on conversion or opening of new free school	2,22	—	(4,073)	28,977	24,904	—
Charitable activities:						
. Funding for the Trust's educational operations	5	—	32,110	—	32,110	17,117
Other trading activities	3	1,820	180	—	2,000	929
Investments	4	25	—	—	25	55
<b>Total income</b>		<b>1,914</b>	<b>28,217</b>	<b>30,249</b>	<b>60,380</b>	<b>19,617</b>
<b>Expenditure on:</b>						
Raising funds	6	217	—	—	217	95
Charitable activities:						
. Trust's educational operations	7	—	33,929	2,358	36,287	19,175
<b>Total expenditure</b>	6	<b>217</b>	<b>33,929</b>	<b>2,358</b>	<b>36,504</b>	<b>19,270</b>
<b>Net income (expenditure) before investment gains</b>		<b>1,697</b>	<b>(5,712)</b>	<b>27,891</b>	<b>23,876</b>	<b>347</b>
Net gains on the disposal and revaluation of investments	16	38	—	—	38	110
<b>Net income (expenditure) before transfers</b>		<b>1,735</b>	<b>(5,712)</b>	<b>27,891</b>	<b>23,914</b>	<b>457</b>
Transfers between funds	18	—	(462)	462	—	—
<b>Other recognised gains (losses)</b>						
Introduction of defined benefit pension liability	21	—	(2,672)	—	(2,672)	—
Actuarial gains on defined benefit pension schemes	21	—	1,905	—	1,905	300
<b>Net movement in funds</b>		<b>1,735</b>	<b>(6,941)</b>	<b>28,353</b>	<b>23,147</b>	<b>757</b>
Fund balances brought forward at 1 September 2017		2,360	(836)	24,631	26,155	25,398
<b>Fund balances carried forward at 31 August 2018</b>		<b>4,095</b>	<b>(7,777)</b>	<b>52,984</b>	<b>49,302</b>	<b>26,155</b>

All of the Group's activities derive from continuing operations during the above two financial periods. The Group had no recognised gains or losses other than those shown above.

## Balance sheets 31 August 2018

	Notes	2018		2017	
		Group £'000	Trust £'000	Group £'000	Trust £'000
<b>Fixed assets</b>					
Intangible fixed assets	13	78	78	60	60
Tangible assets	14	52,906	52,906	24,571	24,571
		<b>52,984</b>	<b>52,984</b>	<b>24,631</b>	<b>24,631</b>
<b>Current assets</b>					
Debtors	15	1,460	1,582	1,066	1,066
Investments	16	—	—	654	654
Cash at bank and in hand		5,752	5,603	3,103	3,099
		<b>7,212</b>	<b>7,185</b>	<b>4,823</b>	<b>4,819</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	(4,007)	(3,980)	(2,295)	(2,291)
<b>Net current assets</b>		<b>3,205</b>	<b>3,205</b>	<b>2,528</b>	<b>2,528</b>
<b>Net assets excluding pension scheme liability</b>		<b>56,189</b>	<b>56,189</b>	<b>27,159</b>	<b>27,159</b>
Pension liability	21	(6,887)	(6,887)	(1,004)	(1,004)
<b>Total net assets</b>		<b>49,302</b>	<b>49,302</b>	<b>26,155</b>	<b>26,155</b>
<b>Restricted funds</b>					
Fixed assets fund	18	52,984	52,984	24,631	24,631
Restricted income funds	18	(890)	(890)	168	168
Pension reserve	18	(6,887)	(6,887)	(1,004)	(1,004)
<b>Total restricted funds</b>		<b>45,207</b>	<b>45,207</b>	<b>23,795</b>	<b>23,795</b>
<b>Unrestricted income funds</b>					
General fund	18	4,095	4,095	2,360	2,360
<b>Total funds</b>		<b>49,302</b>	<b>49,302</b>	<b>26,155</b>	<b>26,155</b>

The financial statements on pages 35 to 65 were approved by the Trustees of City of London Academies Trust, Company Registration No. 04504128 (England and Wales) and authorised for issue and signed on their behalf by:

  
Mr A McMurtrie  
Chair of Trustees

Date: 20 DECEMBER 2018

# Consolidated statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
<b>Net cash flows from operating activities</b>			
Net cash provided by operating activities	A	2,393	714
<b>Cash flows from investing activities</b>	B	256	(1,181)
<b>Change in cash and cash equivalents in the year</b>		2,649	(467)
<b>Cash and cash equivalents at 1 September 2017</b>		3,103	3,570
<b>Cash and cash equivalents at 31 August 2018</b>		5,752	3,103
<b>A Reconciliation of net income (expenditure) to net cash flow from operating activities</b>			
		2018 £'000	2017 £'000
<b>Net income for the year (as per the statement of financial activities)</b>		23,914	457
<b>Adjusted for:</b>			
Amortisation (note 13)		20	17
Depreciation charges (note 14)		2,333	1,623
Write-off of tangible fixed assets		5	—
Net investment gains		(38)	(110)
Surplus transferred from local authority on conversion		(96)	—
Inherited pension scheme liability		4,169	—
Capital grants from DfE and other capital income (note 2)		(1,272)	(1,444)
Donated or Inherited fixed assets		(28,977)	—
Interest receivable (note 4)		(25)	(55)
Defined benefit pension scheme cost less contributions payable (note 21)		769	127
Defined benefit pension scheme finance cost (note 21)		178	22
Increase in debtors		(296)	(156)
Increase in creditors		1,709	233
<b>Net cash provided by operating activities</b>		2,393	714
<b>B Cash flows from investing activities</b>			
		2018 £'000	2017 £'000
Interest receivable		25	55
Proceeds from the disposal of investments		692	626
Purchase of tangible fixed assets		(1,635)	(3,306)
Purchase of intangible fixed assets		(98)	—
Capital grants from DfE/ESFA		1,272	1,444
<b>Net cash (used in) provided by investing activities</b>		256	(1,181)
<b>C Analysis of cash and cash equivalents</b>			
		2018 £'000	2017 £'000
<b>Total cash and cash equivalents: Cash at bank and in hand</b>		5,752	3,103

## **STATEMENT OF ACCOUNTING POLICIES**

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

### **Basis of preparation**

The financial statements of the 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 2015), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

City of London Academies Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling rounded to the nearest thousand pounds.

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Academy Trust and its wholly owned subsidiary, City of London Academy Southwark Lettings Limited, on a line by line basis. No separate statement of financial activities has been presented for the Academy Trust alone, as permitted by Section 408 of the Companies Act 2006

### **Going concern**

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

### **Income**

All income is recognised when the Trust has entitlement to the funds, the receipt is probable, and the amount can be measured reliably.



## **Income (continued)**

### ***Grants***

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

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

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

### ***Sponsorship income***

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

### ***Donations***

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

### ***Other income***

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

### ***Transfer on conversion***

The Assets and Liabilities transferred from Local Authorities to the Trust on conversion of a maintained school to an academy within the Trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. £nil consideration was paid by the Trust and the transfer of assets and liabilities has been accounted for as a combination that is in substance a gift.

The fair value of these assets and liabilities is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

## **Income (continued)**

### ***Assets donated under a commercial transfer agreement***

The Assets and Liabilities transferred by Local Authorities to the Trust under a commercial transfer agreement when the Trust opens a new free school academy in place of a former school or educational provision, have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. £nil consideration was paid by the Trust and the transfer of assets and liabilities has been accounted for as a combination that is in substance a gift.

The fair value of these assets and liabilities is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

## **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 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 Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities. All expenditure is stated net of recoverable VAT.

## **Intangible fixed assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 20-33% per annum

### **Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of any depreciation and any provision for impairment.

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

Buildings developed by a third party and subsequently donated to the Trust are recognised on the Balance Sheet once the works are complete and the building is available for use. An amount equal to the cost or value recognised is credited to the Statement of Financial Activities as donations income.

Assets in the course of construction are included at cost and depreciation on these assets is not charged until they are brought into use and reclassified to the relevant class of tangible fixed assets.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, to write off the cost of each asset over its expected useful economic life. Depreciation is charged on a straight-line basis beginning in the year in which the asset is brought into use at the following annual rates:

- Long leasehold land 0.008% to 2%
- Furniture, fittings and equipment 20% to 33% per annum
- Buildings 2% to 4% per annum
- Temporary accommodation 33% per annum to 50% per annum

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

### ***Private Finance Initiative***

Properties developed under a Private Finance Initiative (PFI) scheme are excluded from the balance sheet where the Academy Trust is not directly party to the PFI agreement itself and rather the local authority has directly contracted with the PFI contractor, and the Academy Trust in turn has contracted with the local authority to make financial contributions in respect of the premises.

### **Investments**

The Trust's shareholding in the wholly owned subsidiary, City of London Academy Southwark Lettings Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

### **Debtors**

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

### **Leased assets**

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

### **Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due from the charity's wholly owned subsidiary are held at face value less any impairment. Investments in common investment funds are also a basic financial instrument. The investment is initially recognised at cost and subsequently carried on the balance sheet fair value. Changes in the fair value are reflected as investment gains or losses through the Statement of Financial Activities.

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

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

### **Taxation**

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

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

### **Fund accounting**

The unrestricted general fund represents those resources that are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

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.

Other restricted funds comprise all other funds raised for, or their use restricted to, a specific purpose or contributions subject to donor-imposed conditions.

### **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 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 LGPS 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 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- Estimating the fair value of the Assets and Liabilities transferred from Local Authorities to the Trust on conversion of a maintained school to an academy within the Trust, or under a commercial transfer agreement when the Trust opens a new free school academy in place of a former school or educational provision.
- Estimating the useful economic life of tangible and intangible fixed assets for the purposes of calculating depreciation/amortisation.

## 1 General annual grant (GAG)

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Trust has not exceeded these limits during the year ended 31 August 2018.

## 2 Donations and capital grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	—	1,272	1,272	1,444
Donated assets/liabilities					
Transfer from Local Authority on conversion of school (note 22)	—	(2,737)	124	(2,613)	—
Transfer from a Local Authority under a commercial transfer agreement (note 22)	—	(1,336)	28,853	27,517	—
Other donations	69	—	—	69	72
	<u>69</u>	<u>(4,073)</u>	<u>30,249</u>	<u>26,245</u>	<u>1,516</u>

## 3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	278	—	278	193
Trip income	129	—	129	48
Catering income	504	—	504	236
Wrap-around care and nursery provision	401	—	401	360
Leadership and support services	229	—	229	6
Miscellaneous income	279	180	459	86
	<u>1,820</u>	<u>180</u>	<u>2,000</u>	<u>929</u>

## 4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest receivable	25	—	25	55
	<u>25</u>	<u>—</u>	<u>25</u>	<u>55</u>

## 5 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
<b>DfE / ESFA grants</b>				
. General Annual Grant (GAG)	—	26,490	26,490	13,947
. Start Up Grants	—	907	907	563
. Other DfE / ESFA Grants	—	2,013	2,013	1,025
. National College of Teaching and Learning Grants	—	96	96	57
	—	29,506	29,506	15,592
<b>Other grants</b>				
. Local authority grants	—	1,268	1,268	995
. Special educational projects	—	630	630	314
	—	1,898	1,898	1,309
<b>Other income from the Trust's educational operations</b>	—	706	706	216
	—	32,110	32,110	17,117

## 6 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	2018 £'000	2017 £'000
<b>Expenditure on raising funds</b>					
. Direct costs	—	—	—	—	95
. Support costs	151	56	10	217	—
<b>School's educational operations:</b>					
. Direct costs	21,038	2,358	2,032	25,428	13,877
. Allocated support costs	4,698	3,148	3,013	10,859	5,298
	25,887	5,562	5,055	36,504	19,270

<b>Net income (expenditure) for the year is stated after charging:</b>	2018 £'000	2017 £'000
Operating lease rentals	171	45
Depreciation	2,333	1,623
Write-off of fixed assets	5	—
Amortisation	20	17
Fees payable to auditor	—	—
. Audit	23	18
. Other services	7	5



**7 Charitable activities – Trust’s educational operations**

	2018 £'000	2017 £'000
Direct costs	25,428	13,877
Support costs	10,859	5,298
	<b>36,287</b>	<b>19,175</b>

Analysis of support costs	2018 £'000	2017 £'000
Support staff costs	4,698	2,798
Technology costs	485	325
Premises costs	3,148	1,193
Other support costs	2,466	827
Governance costs	62	155
<b>Total support costs</b>	<b>10,859</b>	<b>5,298</b>

**Analysis of cost by academy**

Expenditure incurred by each academy during the year (excluding depreciation and amortisation) was as follows:

	Teaching and education support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation and amortisation) £'000	Total £'000
City of London Academy Southwark	7,720	1,997	669	1,634	12,020
Galleywall Primary School	592	127	50	307	1,076
City of London Academy Highgate Hill	2,297	379	189	666	3,531
City of London Academy Highbury Grove	4,959	751	527	1,495	7,732
Newham Collegiate Sixth Form Centre	1,223	241	116	403	1,983
City of London Primary Academy Islington	305	76	(8)	253	626
Redriff Primary School	2,485	815	379	770	4,449
City of London Academy Shoreditch Park	1,253	104	110	472	1,939
Trust Central Function	204	208	—	161	573
	<b>21,038</b>	<b>4,698</b>	<b>2,032</b>	<b>6,161</b>	<b>33,929</b>

## 8 Comparative information

	Restricted funds			2017
	Un-restricted funds £'000	General fund £'000	Fixed assets £'000	Total Funds £'000
<b>Income from:</b>				
Donations and capital grants	72	—	1,444	1,516
Charitable activities:				
· Funding for the Trust's educational operations	—	17,117	—	17,117
Other trading activities	929	—	—	929
Investments	55	—	—	55
<b>Total income</b>	<b>1,056</b>	<b>17,117</b>	<b>1,444</b>	<b>19,617</b>
<b>Expenditure on:</b>				
Raising funds	95	—	—	95
Charitable activities:				
· Trust's educational operations	285	17,250	1,640	19,175
<b>Total expenditure</b>	<b>380</b>	<b>17,250</b>	<b>1,640</b>	<b>19,270</b>
<b>Net income (expenditure) before investment gains</b>	<b>676</b>	<b>(133)</b>	<b>(196)</b>	<b>347</b>
Net gains on the disposal and revaluation of investments	110	—	—	110
<b>Net income (expenditure) before transfers</b>	<b>786</b>	<b>(133)</b>	<b>(196)</b>	<b>457</b>
Transfers between funds	(1,144)	(329)	1,473	—
<b>Other recognised gains (losses)</b>				
Actuarial gains on defined benefit pension schemes	—	300	—	300
<b>Net movement in funds</b>	<b>(358)</b>	<b>(162)</b>	<b>1,277</b>	<b>757</b>
Fund balances brought forward at 1 September 2016	2,718	(674)	23,354	25,398
<b>Fund balances carried forward at 31 August 2017</b>	<b>2,360</b>	<b>(836)</b>	<b>24,631</b>	<b>26,155</b>

## 9 Staff

### a) Staff costs

Staff costs during the year were as follows:

	2018 £'000	2017 £'000
Wages and salaries	19,026	10,271
Social security costs	1,919	1,068
Pension costs	3,626	1,568
Apprenticeship levy	86	21
	<b>24,657</b>	<b>12,928</b>
Supply staff costs	1,200	632
Staff restructuring costs	30	68
	<b>25,887</b>	<b>13,628</b>

	2018 £	2017 £
<b>Staff restructuring costs comprise</b>		
Redundancy payments	—	32
Severance payments	30	36
	<b>30</b>	<b>68</b>

### b) Staff severance payments

During the year, non-contractual/non-statutory severance payments totalling £30,000 (2017 - £36,160) was made to one member of staff (2017 – five individuals). Individually, the amounts in 2017 were £14,996, £9,214, £5,750, £4,200, and £2,000.

### c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2018 expressed as headcount was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	247	124
Administration and support	251	166
Management	41	27
	<b>539</b>	<b>317</b>

**9 Staff (continued)**

**d) Higher paid staff**

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2018 Number	2017 Number
£60,001 - £70,000	10	6
£70,001 - £80,000	5	3
£80,001 - £90,000	4	1
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	—
£120,001 - £130,000	1	1
£150,001 - £160,000	—	1
£160,001 - £170,000	—	1
£170,001 - £180,000	2	—

**e) Key management personnel**

The key management personnel of the Trust comprise the Trustees and the senior management team. The total amount of employee benefits (including employee pension contributions) and employer social security costs payable in respect of key management personnel for their services to the academy trust was £1.31m (2017: £0.81m).

**10 Trustees' remuneration and benefits**

Trustees did not receive any payments from the Trust in respect of their role as Trustees (2017 £nil). Travel and subsistence expenses of £65 were paid to one Trustee in the year.

During the year ended 31 August 2018 no travel and subsistence expenses were reimbursed to Trustees in their capacity as Trust staff (2017 – £539 to three Trustees).

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

Other related party transactions involving the Trustees are set out in note 24.

# **11 City of London Academy Southwark Lettings Limited**

	2018 £'000	2017 £'000
Turnover	206	193
Cost of Sales	(12)	(37)
<b>Gross profit</b>	<b>194</b>	<b>156</b>
Administrative expenses	(94)	(59)
<b>Profit on ordinary activities before taxation</b>	<b>100</b>	<b>97</b>
Tax	—	—
<b>Profit on ordinary activities after taxation</b>	<b>100</b>	<b>97</b>
Donation to Academy	—	(97)
<b>Loss on ordinary activities after taxation</b>	<b>100</b>	<b>—</b>

The assets and liabilities of the subsidiary were:

	2018 £'000	2017 £'000
Current assets	169	15
Creditors: amounts falling due within one year	(169)	(15)
<b>Total assets less current liabilities</b>	<b>—</b>	<b>—</b>

## **12 Central services**

The Trust provided certain central services to its academies during the year including executive and financial oversight and support, governance support and support with educational standards and accountability. The Trust charged each academy 2% of its core funding income for these services as listed below. The Trust did not charge the individual academies for the services provided in the previous year.

	2018 £'000
City of London Academy (Southwark)	206
Galleywall Primary School	16
Highbury Grove	106
Highgate Hill	52
Newham Collegiate Sixth Form,	32
Primary Islington	7
Redriff Primary School	50
Shoreditch Park	30
	<b>499</b>

### 13 Intangible fixed assets

Group and Trust	Computer software £'000	Total £'000
<b>Cost/valuation</b>		
At 1 September	85	85
Additions	98	98
At 31 August 2018	183	183
<b>Amortisation</b>		
At 1 September	25	25
Transfer from tangible fixed assets	60	60
Charge in year	20	20
At 31 August 2018	105	105
<b>Net book value</b>		
At 31 August 2018	78	78
At 31 August 2017	60	60

### 14 Tangible fixed assets

Group and Trust	Land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>					
At 1 September 2017	40,630	675	814	76	42,195
Transfer on conversion	28,661	—	316	—	28,977
Additions	784	332	508	11	1,635
Disposals	—	—	(25)	—	(25)
At 31 August 2018	70,075	1,007	1,613	87	72,782
<b>Depreciation</b>					
At 1 September 2017	16,814	363	401	45	17,623
Transfer to intangible fixed assets	—	—	(60)	—	(60)
Charge for year	1,792	168	355	18	2,333
Disposals	—	—	(20)	—	(20)
At 31 August 2018	18,606	531	676	63	19,876
<b>Net book values</b>					
At 31 August 2018	51,469	476	937	24	52,906
At 31 August 2017	23,816	312	412	31	24,571

## 15 Debtors

	2018		2017	
	Group £'000	Trust £'000	Group £'000	Trust £'000
Trade debtors	140	124	157	146
VAT recoverable	258	265	479	479
Amount due from subsidiary	—	133	—	11
Other debtors	2	—	7	7
Prepayments and accrued income	1,060	1,060	423	423
	<b>1,460</b>	<b>1,582</b>	<b>1,066</b>	<b>1,066</b>

## 16 Investments

	Group		Trust	
	Group £'000	Trust £'000	Group £'000	Trust £'000
Market value at 1 September 2017	654	1,170	654	1,170
Disposal proceeds	(692)	(626)	(692)	(626)
Net gain on the revaluation and disposal of investments	38	110	38	110
Market value at 31 August 2018	—	654	—	654
Cost of pooled investments at 31 August 2018	—	499	—	499

Investments were wholly represented by holdings in the City of London Corporation Charities Pool. All holdings were disposed of on 1 October 2017.

## 17 Creditors: amounts falling due within one year

	2018		2017	
	Group £	Trust £	Group £	Trust £
Trade creditors	856	833	668	668
Taxation and social security	585	585	287	287
ESFA creditor: abatement of GAG	10	10	235	235
Other creditors	173	173	228	228
Accruals and deferred income	2,383	2,379	877	873
	<b>4,007</b>	<b>3,980</b>	<b>2,295</b>	<b>2,291</b>
<b>Deferred income</b>				
Deferred income at 1 September 2017	254	254	85	85
Released during the year	(254)	(254)	(85)	(85)
Resources deferred in the year	1,183	1,183	254	254
Deferred income at 31 August 2018	<b>1,183</b>	<b>1,183</b>	<b>254</b>	<b>254</b>

Deferred income includes grants from the Sponsor specifically provided for future academic years, rates funding, local authority revenue grant funding, free school meals income paid in advance and monies relating to the maths hub.

**18 Funds**

The income funds of the Trust include restricted funds comprising the following unexpended balances of grants held for specific purposes:

Group	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Transfers and actuarial gains and losses £'000	At 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	26,490	(26,976)	(462)	(948)
Start Up Grant	140	907	(1,017)	—	30
Pupil Premium	—	1,833	(1,833)	—	—
Other DfE/ESFA grants	—	982	(982)	—	—
Local authority grants	—	1,268	(1,268)	—	—
Other restricted funds	28	906	(906)	—	28
Pension reserve	(1,004)	(4,169)	(947)	(767)	(6,887)
	(836)	28,217	(33,929)	(1,229)	(7,777)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	3,470	28,977	(573)	—	31,874
DfE/ESFA capital grants	19,850	1,272	(1,417)	—	19,705
Capital expenditure from GAG	1,311	—	(368)	462	1,405
	24,631	30,249	(2,358)	462	52,984
<b>Total restricted funds</b>	<b>23,795</b>	<b>58,466</b>	<b>(36,287)</b>	<b>(767)</b>	<b>45,207</b>
<b>Unrestricted funds</b>					
General funds	2,360	1,708	(111)	138	4,095
COLAS Lettings	—	206	(106)	(100)	-
<b>Total unrestricted funds</b>	<b>2,360</b>	<b>1,914</b>	<b>(217)</b>	<b>38</b>	<b>4,095</b>
<b>Total funds</b>	<b>26,155</b>	<b>60,380</b>	<b>(36,504)</b>	<b>(729)</b>	<b>49,302</b>

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

*Restricted general funds*

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor / donor. The principal funding receivable from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 1 discloses whether the limit was exceeded.



## 18 Funds (continued)

### *Restricted fixed asset funds*

This fund equates to the net book value of the Academy Trusts tangible fixed assets plus any capital funding received from central/local government and other donors which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken maintenance works on existing tangible fixed assets.

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Academy Trust where a school has converted or joined City of London Academies Trust from another Academy Trust, and the carrying value of assets donated to the Academy Trust.

### *Unrestricted funds*

The unrestricted general funds represent monies which may be applied for any purpose within City of London Academies Trust's objects.

### *Transfers between funds*

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where a shortfall exists in the capital reserves available to fully fund the cost of tangible fixed assets owned by the Academy Trust.

### ***Analysis of fund balance by school***

	2018 £'000	2017 £'000
City of London Academy (Southwark)	2,034	1,633
Galleywall Primary School	22	14
Highbury Grove	5	—
Highgate Hill	32	—
Newham Collegiate Sixth Form,	100	—
Primary Islington	64	—
Redriff Primary School	821	721
Shoreditch Park	54	—
Trust	73	160
<b>Total before fixed assets and pension reserve</b>	<b>3,205</b>	<b>2,528</b>
Restricted fixed asset fund	52,984	24,631
Pension liability	(6,887)	(1,004)
<b>Total for Trust</b>	<b>49,302</b>	<b>26,155</b>
Subsidiary	—	—
<b>Total for group</b>	<b>49,302</b>	<b>26,155</b>

**18 Funds (continued)****Comparative information**

Comparative information in respect of the preceding period is as follows:

Group	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers and actuarial gains and losses £'000	At 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	190	13,947	(13,808)	(329)	—
Development grants	164	562	(586)	—	140
Pupil Premium	—	911	(911)	—	—
Other DfE/ESFA grants	32	330	(362)	—	—
Local authority grants	—	995	(995)	—	—
Other restricted funds	95	372	(439)	—	28
Pension reserve	(1,155)	—	(149)	300	(1,004)
	(674)	17,117	(17,250)	(29)	(836)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	3,544	—	(74)	—	3,470
DfE/ESFA capital grants	19,460	1,444	(1,238)	183	19,850
Capital expenditure from GAG	350	—	(328)	1,290	1,311
	23,354	1,444	(1,640)	1,473	24,631
<b>Total restricted funds</b>	<b>22,680</b>	<b>18,561</b>	<b>(18,890)</b>	<b>1,444</b>	<b>23,795</b>
<b>Unrestricted funds</b>					
General funds	2,718	863	(284)	(937)	2,360
COLAS Lettings	—	193	(96)	(97)	—
<b>Total unrestricted funds</b>	<b>2,718</b>	<b>1,056</b>	<b>(380)</b>	<b>(1,034)</b>	<b>2,360</b>
<b>Total funds</b>	<b>25,398</b>	<b>19,617</b>	<b>(19,270)</b>	<b>410</b>	<b>26,155</b>

**18 Funds (continued)****Comparative information (continued)**

A current year 12 months and prior year 12 months combined position is as follows:

Group	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Transfers and actuarial gains and losses £'000	At 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	190	40,437	(40,784)	(791)	(948)
Start Up Grant	164	1,469	(1,603)	—	30
Pupil Premium	—	2,744	(2,744)	—	—
Other DfE/ESFA grants	32	1,312	(1,344)	—	—
Local authority grants	—	2,263	(2,263)	—	—
Other restricted funds	95	1,278	(1,345)	—	28
Pension reserve	(1,155)	(4,169)	(1,096)	(467)	(6,887)
	(674)	45,334	(51,179)	(1,258)	(7,777)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	3,544	28,977	(647)	—	31,874
DfE/ESFA capital grants	19,460	2,716	(2,655)	184	19,705
Capital expenditure from GAG	350	—	(696)	1,751	1,405
	23,354	31,693	(3,998)	1,935	52,984
<b>Total restricted funds</b>	<b>22,680</b>	<b>77,027</b>	<b>(55,177)</b>	<b>677</b>	<b>45,207</b>
<b>Unrestricted funds</b>					
General funds	2,718	2,571	(395)	(799)	4,095
COLAS Lettings	—	399	(202)	(197)	—
<b>Total unrestricted funds</b>	<b>2,718</b>	<b>2,970</b>	<b>(597)</b>	<b>(996)</b>	<b>4,095</b>
<b>Total funds</b>	<b>25,398</b>	<b>79,997</b>	<b>(55,774)</b>	<b>(319)</b>	<b>49,302</b>

**19 Analysis of net assets between funds**

Group	Unrestricted funds £'000	Restricted funds		Total 2018 £'000
		General fund £'000	Fixed assets £'000	
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	—		78	78
Tangible fixed assets	—	—	52,906	52,906
Current assets	4,095	3,117	—	7,212
Current liabilities	—	(4,007)	—	(4,007)
Pension scheme liability	—	(6,887)	—	(6,887)
<b>Total net assets</b>	<b>4,095</b>	<b>(7,777)</b>	<b>52,984</b>	<b>49,302</b>

**19 Analysis of net assets between funds (continued)**

Trust	Unrestricted funds £'000	Restricted funds		Total 2018 £'000
		General fund £'000	Fixed assets £'000	
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	—	—	78	78
Tangible fixed assets	—	—	52,906	52,906
Current assets	4,095	3,090	—	7,185
Current liabilities	—	(3,980)	—	(3,980)
Pension scheme liability	—	(6,887)	—	(6,887)
<b>Total net assets</b>	<b>4,095</b>	<b>(7,777)</b>	<b>52,984</b>	<b>49,302</b>

**20 Commitments under operating leases and other agreements**

***Operating leases***

At 31 August 2018, the total of the Trust's future minimum lease payments under non-cancellable operating leases in respect of office equipment was as follows:

	2018 £'000	2017 £'000
Amounts due within one year	172	18
Amounts due between one and five years	42	—
	<b>214</b>	<b>18</b>

***Private Finance Initiative***

The property occupied by Highbury Grove was financed by a Private Finance Initiative agreement between the PFI contractor and the local authority (the owner of the freehold). The Trust is subject to a sub-agreement with the Local Authority which requires the Trust to make an annual contribution towards facilities management and the unitary charge for a period of 15 years expiring July 2033, along with an annual administration fee. At 31 August 2018, the total of the Trust's future minimum commitments under this sub-agreement were estimated to be:

	2018 £'000	2017 £'000
Amounts due within one year	1,230	—
Amounts due between one and five years	5,281	—
Amounts due after more than five years	16,124	—
	<b>22,635</b>	<b>—</b>

## 21 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

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

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

### *Teachers' Pension Scheme*

#### *Introduction*

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

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

#### *Valuation of the Teachers' Pension Scheme*

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge);
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and

## 21 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed. Initial indications are that the employer's contribution rate will increase to 23.6% from September 2019 and that government funding will be made available to cover the increased costs.

The employer's pension costs paid to TPS in the period amounted to £1,865,282 (2017 - £1,001,359).

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

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

### **Local Government Pension Schemes (LGPS)**

The LGPS are funded multi-employer defined benefit pension schemes, with the assets held in separate trustee-administered funds. The Trust participates in the following LGPSs:

<b>Academy</b>	<b>Scheme</b>
City of London Academy Southwark	City of London Corporation Pension Fund
Galleywall Primary School	London Borough of Southwark Pension Fund
Highbury Grove	Islington Council Pension Fund
Highgate Hill	Islington Council Pension Fund
Newham Collegiate Sixth Form,	London Borough of Newham Pension Fund
Primary Islington	Islington Council Pension Fund
Redriff Primary School	London Borough of Southwark Pension Fund
Shoreditch Park	London Borough of Hackney Pension Fund
Central MAT team	City of London Corporation Pension Fund

## 21 Pension and similar obligations (continued)

### \* *Introduction of City of London Corporation Pension Fund deficit*

In prior year's the actuary of the City of London Corporation Pension Fund had been unable to provide an estimate of the Trust's share of the assets and liabilities in the scheme specific to City of London Academy Southwark and the Trust's central support function. For the year ended 31 August 2018, this is no longer the case, and the actuary has now determined an estimated valuation, including a valuation as at 1 September 2017. Accordingly, the opening balance at 1 September 2017 of £2,672,000 has been recognised in the statement of financial activities and in the reconciliation tables below as other recognised gains and losses and described as the "introduction of defined benefit scheme liability".

The total employer contribution made by all schools for the year ended 31 August 2018 was £771,789 (2017 - £439,900). The agreed rates of contribution for future years range between 15.2% and 21.0% for employer and 5.5% and 9.9% for employees.

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

The principal assumptions used in determining the valuations vary across each of the different pension schemes. The ranges of assumptions used are provided below.

Principal actuarial assumptions %	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.4-3.8	3.6
Rate of increase for pensions in payment / inflation	2.0-2.3	2.1
Discount rate for scheme liabilities	2.7-2.9	2.5
Inflation assumption (CPI)	2.0-2.3	2.1

## 21 Pension and similar obligations (continued)

### *Local Government Pension Scheme (continued)*

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

	At 31 August 2018	At 31 August 2017
<b>Mortality assumptions</b>		
<i>Retiring today</i>		
Males	22.2-24.5	22.5
Females	24.2-26.2	26.1
<i>Retiring in 20 years</i>		
Males	23.6-26.8	24.1
Females	25.7-28.5	27.9

	At 31 August 2018 £'000	At 31 August 2017 £'000
<b>Sensitivity analysis – net increase in liability</b>		
0.1% decrease in discount rate	483	81
0.1% increase in salary increase rate	76	26
0.1% increase in pension increase rate	435	54
1-year increase in mortality assumption	519	115

The Trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
<b>Asset allocation</b>		
Equities	7,657	1,609
Infrastructure	418	—
Property	871	445
Government bonds	323	264
Corporate bonds	590	229
Cash and other liquid assets	48	6
Multi-asset funds	1,647	—
Other	214	231
<b>Total market value of assets</b>	<b>11,768</b>	<b>2,784</b>

The actual return on scheme assets was £836,000 (2017 - £544,000).

	2018 £'000	2017 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	1,485	272
Net interest cost	178	22
Administrative expenses	14	—
<b>Total amount recognised in the SOFA</b>	<b>1,677</b>	<b>294</b>



## 21 Pension and similar obligations (continued)

### *Local Government Pension Scheme (continued)*

The overall movements in the net pension liability is reconciled as follows:

	Total 2018 £'000	Total 2017 £'000
At 1 September 2017	1,004	1,155
Introduction of defined benefit scheme liability	2,672	—
Inherited in respect of new schools	4,169	—
Current service cost	1,485	272
Administration cost	14	—
Employer contributions	(730)	(145)
Interest cost	452	65
Interest income	(274)	(43)
Actuarial (gain)/loss	(1,905)	(300)
<b>At 31 August 2018</b>	<b>6,887</b>	<b>1,004</b>

	2018 £'000	2017 £'000
<b>Changes in the present value of defined benefit obligations:</b>		
At 1 September 2017	3,788	3,223
Introduction of defined benefit scheme liability	8,256	—
Inherited in respect of new schools	5,957	—
Current service cost	1,485	272
Interest cost	452	65
Employee contributions	279	55
Actuarial (gain)/loss	(1,346)	201
Benefits paid	(216)	(28)
<b>At 31 August 2018</b>	<b>18,655</b>	<b>3,788</b>

	2018 £'000	2017 £'000
<b>Changes in the fair value of the Trust's share of scheme assets:</b>		
At 1 September 2017	2,784	2,068
Introduction of defined benefit scheme liability	5,584	—
Inherited in respect of new schools	1,788	—
Interest income	274	43
Actuarial gain/(loss)	559	501
Employer contributions	730	145
Employee contributions	279	55
Administration costs	(14)	—
Benefits paid	(216)	(28)
<b>At 31 August 2018</b>	<b>11,768</b>	<b>2,784</b>

## 22 Transfer of assets and liabilities

During the year ended 31 August 2018, five academies joined the multi-academy trust. These five academies included four new free-schools and one which converted from a local authority-maintained school, being City of London Academy Highbury Grove. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration.

Two of the new academy free-schools joining the Trust in the year ended 31 August 2018 involved a transfer of assets and liabilities when joining as these two new academies, being City of London Academy Highgate Hill and Newham Collegiate Sixth Form Centre City of London Academy, replaced existing educational establishments. The assets and liabilities were transferred to the new free schools under a commercial transfer agreement.

In all three cases the transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income. The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

### *Transfer from local authority on conversion*

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
City of London Academy Highbury Grove	£'000	£'000	£'000	£'000
Tangible fixed assets				
Other tangible fixed assets	—	—	124	124
Budget surplus / (deficit) on LA funds	—	96	—	96
LGPS pension surplus / (deficit)	—	(2,833)	—	(2,833)
Net assets / (liabilities)	—	(2,737)	124	(2,613)

### *Transfer under a commercial transfer agreement*

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
City of London Academy Highgate Hill	£'000	£'000	£'000	£'000
Tangible fixed assets				
Leasehold land and buildings	—	—	15,116	15,116
Other tangible fixed assets	—	—	18	18
LGPS pension surplus / (deficit)	—	(624)	—	(624)
Net assets / (liabilities)	—	(624)	15,134	14,510

## 22 Transfer of assets and liabilities (continued)

### *Transfer under a commercial transfer agreement (continued)*

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Newham Collegiate Sixth Form Centre				
Tangible fixed assets				
Leasehold land and buildings	—	—	13,545	13,545
Other tangible fixed assets	—	—	174	174
LGPS pension surplus / (deficit)	—	(712)	—	(712)
Net assets / (liabilities)	—	(712)	13,719	13,007

## 23 Contingent liabilities

### *Funding agreement*

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

## 24 Related party transactions

Owing to the nature of the Trust's operation and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The City of London Corporation is the Trust's sponsor. During the year ended 31 August 2018, the Corporation awarded grants and donations to the Trust totalling £1,476,835 (2017 - £281,000). As at 31 August 2018 balances totalling £847,040 were held in accrued income or deferred income in respect of such transactions (2017 - £nil).

## 24 Related party transactions (continued)

The central MAT function had a service level agreement with the Corporation for the provision of HR services – this cost £17,782 in the year to 31 August 2018 (2017 - £24,100). In addition, the Trust also paid the Corporation for legal advice and payroll services which amounted to £6,848 (2017 - £7,586) and £11,022 for venue hire (2017 - £nil). The Trust also paid the Corporation £48,552 (2017 - £nil) for the services of an interim CEO during the year to cover a period of long-term sickness absence of the substantive CEO. This amount was outstanding at the year-end.

The Corporation also provided the following services and facilities free of charge to the central MAT function of the Trust:

- ♦ Legal support and advice'
- ♦ Clerking services;
- ♦ Office space, IT equipment and IT support and IT services;
- ♦ Telephone;
- ♦ Printing; and
- ♦ Meeting rooms.

The Trust previously held investments within a pooled fund managed by the Corporation. At 31 August 2018, the carrying value of the investment was £nil as they were disposed in the year (2017 - £654,000).

In the year the Trust paid £19,599 (2017 - £nil) to Sir John Cass's Foundation Primary School for SEN support and mathematics training for the Trust primary schools. Sir John Cass's Foundation Primary School is maintained by the Corporation of London.

The Trust works closely with The City Academy, Hackney (TCAH), which is co-sponsored by the Corporation of London and KPMG. TCAH participates in the Trust facilities management contract with an external provider. TCAH also provided support to the Trust in the year for premises staff (£7,372) (2017 £nil), broadband services (£10,522) (2017 £nil) and other support services (£10,225) (2017 £nil).

In the year the Trust has shared staffing resources with the City of London Academy Islington (COLAI) which is co-sponsored by the Corporation of London and City, University of London. The Trust paid COLAI £171,077 (2017 - £nil) for the services of the Executive Principal, a Data Manager and other educational support staff. COLAI has paid the Trust £13,819 (2017 £nil) for administrative staff

All services provided by related parties have been provided at no more than cost. Most of the related party expenses incurred in the year are for staff. The recharges are all at no more than cost to include gross salary, national insurance and employer pension contributions.

**25 Post balance sheet events**

Planning permission has now been secured for the new permanent schools for City of London Primary Academy Islington and City of London Academy Shoreditch Park. The senior leaders in these academies and the central Trust team will continue to work closely with the developers of each site (London Borough of Hackney and the Corporation of London respectively) to inform the design process, leading to high quality teaching and learning facilities for the new growing schools.