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**COMMUNITY INCLUSIVE TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**COMMUNITY INCLUSIVE TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

P Boucher  
K Weekes  
G Cook

**Trustees**

P Boucher, Chair  
G Cook  
D Metcalfe (resigned 24 November 2016)  
K Weekes  
P Dyson (resigned 18 May 2017)  
J Stanford (resigned 21 September 2017)  
P Bell, Chief Executive and Accounting Officer  
D Bland, Staff Trustee  
N Buckingham (resigned 12 September 2016)  
P Jordan (appointed 15 December 2016)  
R King (appointed 24 May 2017)  
S Linforth (appointed 15 December 2016)

**Company registered number**

09071623

**Company name**

Community Inclusive Trust

**Principal and registered office**

Autumn Park Business Centre, Autumn Park, Dysart Road, Grantham, Lincs, NG31 7EU

**Chief executive officer**

P Bell

**Senior leadership team**

P Bell, CEO  
A Finn, COO  
C Buffham, Director of Education  
D Bland, Executive Headteacher - Spalding Special Schools and John Fielding  
P Hill, Executive Headteacher - Isaac Newton  
C Armond, Executive Headteacher - Woodlands

**Independent auditors**

Streets Audit LLP, Windsor House, A1 Business Park at, Long Bennington, Notts, NG23 5JR

**Bankers**

Lloyds Bank PLC, 42 St Peters Hill, Grantham, Lincs, NG31 6QF

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Solicitors**

Browne Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

**Internal Auditor**

Julia Raftery Consulting Limited, Unit 2, Kirmington Business Park, Ulceby, DN39 6YP

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period to 31 August 2017. The annual report serves the purpose of both a trustee's report and a directors' report under company law.

Community Inclusive Trust (CIT) has continued to grow, firstly through its successful Free School Bid. The purpose built, Poplar Farm Primary will open in September 2018 in Grantham. The first intake of reception pupils, will be joined year on year, until the capacity of 420 pupils is reached.

Caythorpe Primary are due to join CIT on 1 December 2017 and CIT have been named as Chapel St. Leonards Primary School Sponsors. They will join CIT on 1 February 2018, subject to consultation.

As at 31 August 2017 The Trust comprises of the following schools and GAG funded pupils on roll:

- Ambergate Sports College – (125)
- Sandon School – (74)
- Isaac Newton Primary School – (379)
- The Garth School (47)
- The Priory School (130)
- John Fielding Special School (49)
- The Woodlands Academy (65)

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

Community Inclusive Trust is a company limited by guarantee and an exempt Charity. The Trusts Memorandum and Articles of Association are its primary governing documents. The directors of CIT are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

### **MEMBERS LIABILITY**

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

### **TRUSTEES INDEMNITIES**

Trustees benefit from indemnity insurance purchased at the Company's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach 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 Company. Provided that any such insurance shall not extend to:

- (a) Any claim arising from any act or omission which Trustees knew to be a breach of trust or breach of duty of which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not, and
- (b) The costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Company. Further, this Article does not authorise a Trustee to benefit from any indemnity insurance that would be rendered void by the provision of the Companies Act 2006, the Charities Act 2011 or any other provision of law.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF THE TRUSTEES**

In accordance with the Articles of Association the Members may appoint up to 5 Trustees through such a process as they may determine. The Trustees may appoint Staff Trustees through such a process as they may determine. The total number of Trustees including the Executive Principal who are employees of the Company shall not exceed one third of the total number of Trustees. The term of office for any Trustee shall be four years save that this time limit shall not apply to the Executive Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trustees have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New Trustees are then sought with these skills as replacements when existing Trustees stand down. It is anticipated that most new Trustees will be drawn from the local community or other who have shown interest in the future wellbeing of the Trust, the Academies within the Trust and the pupils. Recruitment will be through a combination of approaches to individuals with known skills and by wider communications to those within the East Midlands.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Individual Trustees attend training courses and conferences organized by appropriate bodies in order to ensure their knowledge and understanding is up to date. A series of briefings for the Board and the Senior Leadership Team of Community Inclusive Trust as a whole is being carried out based on areas of potential interest and/or concern.

**ORGANISATIONAL STRUCTURE**

The Trustees have responsibility for setting and monitoring the overall strategic direction of the Academies, approving decisions reserved to Local Governing Bodies and appointing key members of staff.

Subject to the Articles of Association, the Trustees may regulate their proceedings as they see fit. The Trust Board holds at least three meetings in every school year. Meetings with the Trustees shall be convened by the Clerk. Schemes of Delegation are in place devolving some powers and responsibilities to the Local Governing Bodies of each academy. The Scheme of Delegation is renewed by the Trust Board annually.

The CEO is the Accounting Officer and works closely with the other Trustees, the Local Governing Bodies and the senior staff of each academy.

The day-to-day management of the Community Inclusive Trust rests with the CEO who has overall responsibility for the Trust. The CEO is responsible for establishing a Senior Leadership Team, including the Head Teacher, Heads of School and the Vice Principals, the appointment, discipline and dismissal of the latter will be referred to the Full Board.

The CEO has delegated authority to appoint, discipline and dismiss with the exception of the Head Teacher, Heads of School and the Vice Principals for whom the full Board holds this authority. Financial authority is delegated in line with the Scheme of Delegation and the Finance Policy that is approved by the full Board on an annual basis. If financial or other business decisions are required between meetings then electronic authority may be sought from the members of the Board. These are monitored throughout the year, in line with an agreed timetable, by the Local Governing Bodies.

In the exercise of its delegated powers and functions, the Trust Board Trustees and the Local Governing Bodies shall ensure that the Academy business is conducted in accordance with the objects/values of the Trust.

1. The Local Governing Body may have delegated powers regarding pupils discipline and curriculum development within the policies approved by the Trust Board;
2. The Trust Board reviews the membership and Terms of Reference for each committee annually. The Chairs of each committee are elected annually (for a term of four years);
3. They will promptly implement and comply with any policies or procedures communicated to the Local Governing Body by the Trustees from time to time;

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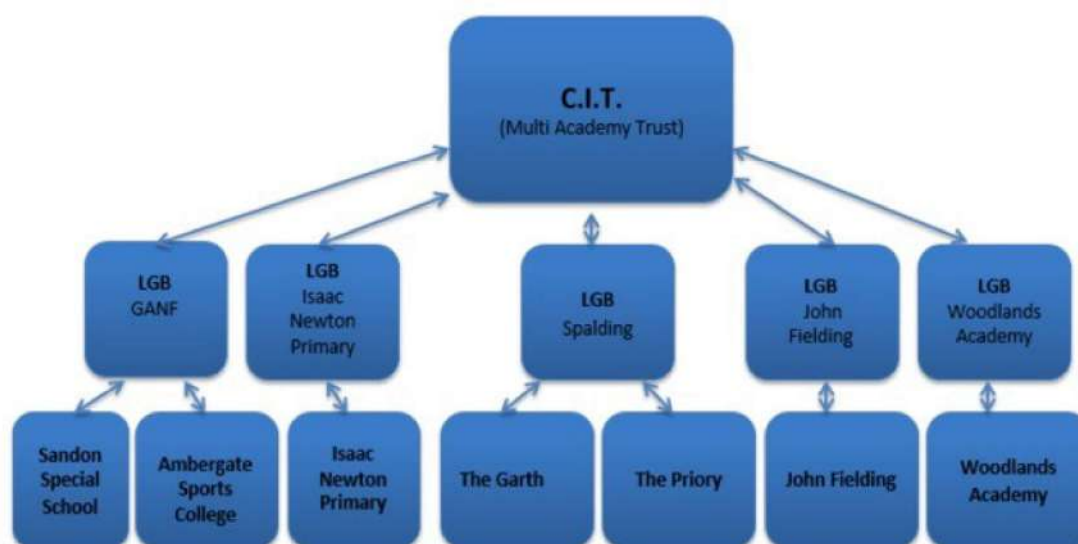
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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4. They will review its own policies and practices on a regular basis, in view of any advice or recommendations made by the Trustees;
5. They will work closely with the Trustees and act with integrity, objectively and honestly in the best interest of the Trust and the Academy;
6. They will be open about decisions and be prepared to justify those decisions;
7. They will keep confidential all information of a confidential nature obtained by them relating to the Academy and the Trust; and,
8. They will adopt financial prudence in managing the financial affairs of the Trust in so far as these relate to the Academy and are delegated to them.



### **Senior Leadership**

The model adopted by CIT is to have a substantive head in each school supported by an Executive Head. The role of the Executive Head is to provide leadership and mentoring to the whole school and to work closely to deliver the values of CIT overall. They are typically responsible for more than one school, but where this is not the case they are actively participating in development of other schools that are not yet part of the trust. From time to time we as CIT are asked to assist in school development plans and our expertise is used to deliver measured improvement to these schools. Sometimes this results in the school either converting to an academy and joining the Trust or joining the trust as an already established academy school. The ability to offer this level of expertise is invaluable in working to deliver the overall goals of the trust.

### **ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Only staff trustees, including the CEO, Executive Head teachers and Head teachers are remunerated. These individuals only receive remuneration in respect of services they provide under their contract of employment and not in respect of their roles as Trustees. For all staff, their remuneration package is subject to CIT's Pay Policy. Currently, the teachers' statutory pay and conditions are used to benchmark all senior leaders pay and any exceptions are agreed by the Trust Board. Senior leaders and teaching staff undergo an annual performance appraisal. This is linked to any performance related pay awards. For non-teaching staff, the Trust uses Lincolnshire County Council pay grades or the greater London Education Authority job evaluation framework. An essential car allowance is in place for three senior members of staff as the Trust deemed that they were not able to fulfil their role without use of their own car. A review of rewards is planned, due to the growth of size and diversity of the Trust, to support this process; it is intended to use external benchmarking. The Trust Board is mindful of the charitable status of the Academy Trust and recognises the fact the Trust receives funding under a

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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funding agreement with the Secretary State of Education and therefore ensures through benchmarking and the proposed external benchmarking that the remuneration paid to senior leaders never exceeds a reasonable amount that provides value for money for the Trust.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Community Inclusive Trust works in close partnership with the Lincolnshire Learning Partnership. Peter Bell being the SEN representative on the LLP's Head Teacher's Board.

**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

The principle aim of CIT is to create a first-class infrastructure that influences education and enables outstanding lifelong learning.

Further aims are as follows:

1. To provide high quality teaching that challenges students and equips them for life.
2. To provide an environment that enables students to learn and teachers to teach effectively.
3. To promote and recognise high standards of achievement in all spheres of activity.
4. To encourage a quality of opportunity for all.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

To create a self-supporting and challenging Trust that attracts good and outstanding schools as well as developing capacity to support other organisations. This will be through school to school support, focused leadership and high quality professional development led by the Teaching School within the Trust.

**PUBLIC BENEFIT**

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document 'The Advancement of Education for the Public Benefit') into consideration in preparing their Statement on Regularity, Propriety and Compliance contained within this Annual Report.

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the students attending the Academies within the Trust. The Charitable Company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the Academies within the Trust.

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of each Academy within the Community Inclusive Trust activities.

**STRATEGIC REPORT**

In 2016/17 CIT has maintained its proven track record high standards in its schools and of leading schools that are either in Special Measures or causing the Local Authority concern to be Graded Good or Outstanding by Ofsted. To mention a few of the more significant successes, in recent years; Isaac Newton Primary achieved a good at Ofsted Sept 2017, following a previous judgement of Special Measures prior to joining CIT.

CITs Teaching school, as part of "Lincolnshire Teaching School Together" secured £500,000 for school to school support through the DfE School Improvement Fund.

CIT are also very proud of its success in school to school support. The two factors that drive improvement in



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**TRUSTEES' REPORT (continued)**  
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our schools are high challenge and high support, informed by rigorous review processes. The second factor is ensuring sufficient capacity is available to provide timely leadership and support.

Lincolnshire Education and Research Network (LEARN) has two National Leaders of Education (NLE's) attached to LEARN, in conjunction with our three additional NLE's and staff from the Trust's four National Support Schools and, are working actively on projects within other schools, academy chains and Local Authorities to extend our influence in education. This engagement enables greater levels of system-led improvements and outcomes for pupils, further opportunities for collaboration between leaders and staff at all levels of our organisation and beyond.

## **ACHIEVEMENTS AND PERFORMANCE**

### TEACHING AND LEARNING AND ASSESSMENT

- Teaching challenges every pupil to make progress on prior learning, and achieve exceptional results over time
- Teaching is personalized and informed by the highest quality assessment and feedback
- Teaching engages and inspires, developing pupil's curiosity, imagination and love of learning
- Teaching enhances skills, attributes and attitudes, preparing pupils to achieve great success in life
- Teaching involves a passion for innovation and professional improvement

### PERSONAL DEVELOPMENT, BEHAVIOUR AND WELFARE

- All pupils to be responsible for their behaviour and learning in every lesson
- All groups of pupils feel safe across all the Academies within the Trust at all times
- Pupils are given opportunities to achieve in a wide range of activities

### EFFECTIVENESS OF LEADERSHIP AND MANAGEMENT

- All pupils are valued and nurtured within their academy setting
- Individual academy priorities are determined by thorough and accurate self-evaluation
- All staff are valued and supported in their own career progression
- Improve the effectiveness of the Community Inclusive Trust Board and the Local Governing Body's and its Leadership to account

Health checks and Ofsted inspections, over the last twelve months have deemed four of the schools to be operating at Outstanding, three as Good. Isaac Newton is currently the only mainstream school within the Trust. Against national benchmarks, For further details on all Academies progress, refer to the CIT Website ([www.citacademies.co.uk](http://www.citacademies.co.uk)).

## **KEY PERFORMANCE INDICATORS**

Due to the diversity of the Academies and pupils with CIT, the following KPI's are measured through a variety of activities and data. This includes the Trust's annual health check of all its Academies which reviews quality of teaching, learning and assessment, personal development behaviour and welfare, outcomes for pupils and effectiveness of leadership and management, Ofsted reports, exam data, NEET Schools, internal school progress measures, performance management, lesson observations and learning walks.

- Pupils to achieve targets and to ensure all measures are above the national averages.
- Students to be provided with a curriculum to maximise their progress towards qualification success, further study and employability
- Ensure internal assessment is robust and prepare for measuring achievement within "Life without Levels" era.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**SATs results: –**

Isaac Newton – had a combined score of 57% which is in line with the national average

**GCSE results:-**

Grade	9	8	7	6(B)	5(C+)	4(C)	3(D)	2(E)	1
School	Maths								
Ambergate				1	1			1	
Priory					1	1	2	2	
Woodlands					2	2	1	2	5
	English Literature								
Ambergate									
Priory									
Woodlands						1	2	1	1
	English Language								
Ambergate							1	1	
Priory						2		3	
Woodlands							4	1	1

**School Monitoring, Support and Challenge:-**

All schools have undergone a CIT annual health check this year. These health checks have graded the schools as follows:-

Ambergate - Outstanding  
 Garth - Outstanding  
 Isaac Newton - Good  
 John Fielding - Requires Improvement  
 Priory - Good  
 Sandon - Outstanding  
 Woodlands - Good

We have also had Ofsted visit three schools giving the following grades: –

Ambergate - Outstanding  
 Sandon - Outstanding

As a Trust we are delighted with the Ofsted grading's, firstly as they provide a national recognition to the hard work and commitment the Local Governors, staff and pupils put in on a daily basis. Secondly that they provide external moderation that matches the Trusts evaluation of the schools position

**GOING CONCERN**

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**FINANCIAL REVIEW**

The Trust held fund balances at 31 August 2017 of £14,705,923, comprising £133,863 of restricted funds, a fixed asset reserve of £20,811,743, a pension reserve deficit of £6,614,000 and £374,318 of unrestricted general funds.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities. During the year ended 31 August 2017, total expenditure of £7,062,451 was less than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of income over expenditure for the period was £140,987.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is monitored. In the period under review, £124,323 was carried forward representing 1.9% of GAG.

Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2017 this was 88.0% and this will be monitored in future periods.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £6,614,000.

**RESERVES POLICY**

The Trustees Policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the Trust and to fund future projects. The Trustees will ensure that the levels of reserves that can be carried forward at the end of the financial year will be in line with the guidance received from the DfE on the treatment of GAG income and other grants. CIT will try to match income with expenditure in the current year and will only carry forward reserves that it considers are necessary for future years' expenditure having regard for:

1. Forecasts of levels of income in future years
2. Forecasts for expenditure in future years
3. Analysis of any future development needs and opportunities that could not be met out of annual income
4. Analysis and forecasts of cash flow and fund management

The Trust intends to build up a prudent level of reserves for each academy over a period of time and will review the reserves level annually. The target level of reserves is 10% of total annual income from all Government Grants, equivalent to £1.1m and the Trust is actively working towards this. This policy is reviewed annually, to ensure it does not unnecessarily limit the amount spent on educational activities, whilst ensuring the Trust's solvency and its future activities are not at risk.

The Trust's reserves comprise both unrestricted and restricted funds. As at 31 August 2017, the funds held in Unrestricted Reserves were £374,317 and Restricted Revenue Reserves totalled £133,863. A further £20,811,743 is held in the Restricted Fixed Asset Reserves, however, this can only be realised by disposing of the Trust's Fixed Assets.

A liability of £6,614,000 is shown in the Trust's balance sheet in respect of the Local Government pension scheme. The trust does not expect to have to fund the deficit other than in the normal course of making contributions to the pension fund. The risk to the trust is that if the deficit increases so too will the amount of pension contributions the academy is required to make. However, this risk may be mitigated by any future

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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proposed reform of the pension scheme. The trust maintains 5-year financial plan, which considers various funding scenarios and how these can be managed and planned for. The trust's risk management policy requires the governors to assess the major risks to which the trust will be exposed and consider how the risks can be managed and mitigated.

### **INVESTMENTS POLICY**

The Trustees investment powers are set down in the charitable Companies Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities, or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Academy Trust can invest surplus funds where the return is higher than that of a normal current deposit account. Apart from funds transferring to a current deposit account, all investment decisions are decided by the Finance Committee and Trustees. Any investment made by the Trust will ensure there is no risk of loss in capital value of any cash funds invested and that invested funds are protected against inflation and a view is taken to optimise returns on invested funds. The charitable company's current policy is to invest surplus funds in short term cash deposits.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the Trust are as follows:

1. The Trust has considerable reliance on continued government funding through the ESFA and whilst the current level of funding is expected to continue there is no assurance that government policy of practice will remain the same or that public funding will continue at the same level or the same terms.
2. The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, safeguarding, health and safety and discipline.
3. The success of the Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
4. The Trust has appointed internal auditors to carry out checks on financial systems and records as required by the Academy Financial Handbook.
5. Failures in governance / management and in particular the risk that arises from the potential failure to effectively manage the Trusts finances, internal controls, compliance with regulations and legislation, statutory returns etc.
6. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
7. The continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest levels of educational and care standards. To mitigate this risk Trustees ensure that students care, success and attainment are closely monitored and reviewed.

As the Trust grows additional risks may be identified. The Trustees will evaluate these risks and ensure that adequate measures are put in place to mitigate and reduce these risks.

### **PLANS FOR FUTURE PERIODS**

Having established itself as a Multi Academy Trust, CIT plans to continue to ensure an excellent provision is provided at its current academies and plans to continue to share its expertise and to develop staff training opportunities across the Trust by attracting good and outstanding schools as well as supporting other struggling schools and academies in the East Midlands.

The Trust continually reviews needs and a clear strategic development plan has been developed and shared with the Regional Commissioner.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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As a Trust, we are moving to create a fully functional central services function that will provide support for Finance, HR, IT and other universally required services to all schools in the CIT family. It is our belief that there are considerable economies of scale to be realised by centralising the provision of non-educational services and utilities.

We have already had success in centralising buying for IT hardware and Insurance services already. It is our intention to continue these improvements to realise yet more cost savings into the Trust.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders.

**EQUALITY & DIVERSITY**

The Trustees aim to provide an environment that will promote equality for all staff. Where staff have disabilities, the Trustees seek to ensure that reasonable and affordable arrangements are made to ensure they can take full advantage of the generally available entitlement. Trustees ensure there is collaboration with specialist services and agencies to provide coherent and integrated support.

The Trust supports consultation with all staff on matter relating to terms and conditions of employment at the Trust, the Trust vision and strategy and shares information regularly on achievement and performance of the Trust.

**AUDITOR**

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware;
- 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 trustee's report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on \_\_\_\_\_ and signed on the board's behalf by:

**P Boucher**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Community Inclusive 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 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 Community Inclusive Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Boucher, Chair	4	4
G Cook	3	4
D Metcalfe	0	1
K Weekes	4	4
P Dyson	0	4
J Stanford	4	4
P Bell, Chief Executive and Accounting Officer	4	4
D Bland, Staff Trustee	2	4
N Buckingham	0	0
P Jordan	1	2
R King	0	0
S Linforth	0	2

The composition of the Trust Board has evolved during the year. This has been driven by a skills audit, that identified a greater need for finance and business expertise, as well as primary experience to support and challenge the growth of the Primary sector within CIT.

The vacancies within the Board were created by three Trustees resigning due to personal reasons. These vacancies were filled by a former Accountant, a Director of a finance company and a Head teacher of an Outstanding Primary school, who is also a serving Ofsted inspector.

Throughout the year the Trust has been working with the Chairs of the Local Governing Bodies across CIT to review their role and the scheme of delegation. Training for all Governors has been delivered on HR, Finance and supporting Outcomes for pupils. Chairs of Governors have also had Ofsted readiness training.

The Finance and Financial Audit Committee is a sub-committee of the main board of trustees. Its purpose is to ensure effective financial control, advise the Local Governing Bodies on risk management and have sole responsibility for the internal and external audit processes.

When Audit Committee matters are discussed, staff trustees are excluded from discussions as committee members and instead are included only as advisors. For the purpose of advice, the Trust has invited various guests to join the Finance & Financial Audit Committee meetings. This is to aid the understanding of the grass roots functionality of our schools and to advise on purpose and progress on current projects that impact on the Trusts finances.

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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Stanford, Chair	4	4
K Weekes	3	4
P Jordan	2	3
P Bell, Guest	4	4
D Bland, Guest	2	4
A Finn, Guest	3	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 each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the trust has delivered improved value for money during the year by:

- undertaking competitive tendering processes in line with CIT's policy;
- review of staffing structures within CIT;
- review of department's expenditures;
- actively looking to the central purchasing for utilities and other services for the whole Trust in order to accommodate economies of scale.

### **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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Community Inclusive Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **CAPACITY TO HANDLE RISK**

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

### **THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Board of Trustees of reports which indicate financial performance against the

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**COMMUNITY INCLUSIVE TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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- forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
  - clearly defined purchasing (asset purchase or capital investment) guidelines.
  - delegation of authority and segregation of duties;
  - identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Julia Raftery Consulting Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. In particular the checks carried out in the current period included:

- Governance Arrangements
- Risk Management Arrangements
- Budget Management and Financial Planning
- Cash and Banking Arrangements
- Purchasing Procedures
- Commercial Cards
- Income
- Payroll Procedures
- Asset Management

On a semi-annual basis, the internal auditor reports to the board of trustees through the Finance and Financial Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned. Where concerns are raised the Trust together with the School Executive Heads will agree and implement an action plan to strengthen and eradicate any concerns raised.

Key points raised during the reviews were the installation of a safe at Woodlands Academy, not sharing charge card PIN numbers and to ensure the purchase ordering policy is followed correctly. These points have been actioned.

#### **REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the board of trustees on \_\_\_\_\_ and signed on their behalf, by:

**P Boucher**  
**Chair of Trustees**

**P Bell**  
**Accounting Officer**



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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Community Inclusive Trust I have considered my responsibility to notify the academy trust board of trustees 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 academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.

**P Bell**  
**Accounting Officer**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees (who act as governors of Community Inclusive Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on

and signed on its behalf by:

**P Boucher**  
**Chair of Trustees**

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**COMMUNITY INCLUSIVE TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
COMMUNITY INCLUSIVE TRUST**

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**OPINION**

We have audited the financial statements of Community Inclusive Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

**BASIS OF 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 academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
COMMUNITY INCLUSIVE TRUST**

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included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

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

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
COMMUNITY INCLUSIVE TRUST**

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**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). The description forms part of our Auditor's report.

Mark Bradshaw (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Windsor House  
A1 Business Park at  
Long Bennington  
Notts  
NG23 5JR  
Date:

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO COMMUNITY INCLUSIVE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 30 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Community Inclusive Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Community Inclusive Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Community Inclusive 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 Community Inclusive Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF COMMUNITY INCLUSIVE TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Community Inclusive Trust's funding agreement with the Secretary of State for Education dated 28 August 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO COMMUNITY  
INCLUSIVE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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**CONCLUSION**

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

Mark Bradshaw (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Windsor House  
A1 Business Park at  
Long Bennington  
Notts  
NG23 5JR

Date:

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	(49,612)	-	1,106,812	1,057,200	10,186,109
Charitable activities	3	534,940	10,928,037	-	11,462,977	7,388,382
Other trading activities	4	12,547	-	-	12,547	691
Teaching school		-	84,773	-	84,773	-
Investments	5	648	-	-	648	760
<b>TOTAL INCOME</b>		<b>498,523</b>	<b>11,012,810</b>	<b>1,106,812</b>	<b>12,618,145</b>	<b>17,575,942</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		529,498	11,436,051	391,670	12,357,219	7,865,073
Teaching school		-	75,232	-	75,232	-
<b>TOTAL EXPENDITURE</b>	6	<b>529,498</b>	<b>11,511,283</b>	<b>391,670</b>	<b>12,432,451</b>	<b>7,865,073</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	16	(30,975)	(498,473)	715,142	185,694	9,710,869
		-	(51,641)	51,641	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(30,975)	(550,114)	766,783	185,694	9,710,869
Actuarial gains/(losses) on defined benefit pension schemes	21	-	2,034,000	-	2,034,000	(2,738,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(30,975)</b>	<b>1,483,886</b>	<b>766,783</b>	<b>2,219,694</b>	<b>6,972,869</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		405,292	(7,964,023)	20,044,960	12,486,229	5,513,360
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>374,317</b>	<b>(6,480,137)</b>	<b>20,811,743</b>	<b>14,705,923</b>	<b>12,486,229</b>



**COMMUNITY INCLUSIVE TRUST**  
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**REGISTERED NUMBER: 09071623**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>20,452,722</b>		20,044,960
<b>CURRENT ASSETS</b>					
Debtors	14	1,242,062		514,838	
Cash at bank and in hand		1,114,856		628,697	
			<u>2,356,918</u>	<u>1,143,535</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(1,489,717)</b>		<b>(703,266)</b>	
<b>NET CURRENT ASSETS</b>			<b>867,201</b>		440,269
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	21		<b>(6,614,000)</b>		(7,999,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>14,705,923</b>		12,486,229
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	133,863		34,977	
Restricted fixed asset funds	16	20,811,743		20,044,960	
Restricted income funds excluding pension liability		20,945,606		20,079,937	
Pension reserve		(6,614,000)		(7,999,000)	
Total restricted income funds			<b>14,331,606</b>		12,080,937
Unrestricted income funds	16		<b>374,317</b>		405,292
<b>TOTAL FUNDS</b>			<b>14,705,923</b>		12,486,229

The financial statements on pages 22 to 51 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

**P Boucher**  
**Chair of Trustees**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>280,015</u>	<u>64,132</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		648	760
Purchase of tangible fixed assets		(799,433)	(85,415)
Capital grants		1,015,644	19,000
Cash transferred on conversion to an academy trust		(10,715)	20,109
<b>Net cash provided by/(used in) investing activities</b>		<u>206,144</u>	<u>(45,546)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>486,159</b>	<b>18,586</b>
Cash and cash equivalents brought forward		<u>628,697</u>	<u>610,111</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>1,114,856</u></u>	<u><u>628,697</u></u>

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**COMMUNITY INCLUSIVE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Community Inclusive Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

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

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**COMMUNITY INCLUSIVE TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.4 Expenditure**

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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**COMMUNITY INCLUSIVE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Where properties occupied by academies are the subject of PFI contracts, consideration is given to the detailed terms of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the trust. If there is such as transfer of risk and rewards, such assets are accounted for under the policies of land and buildings set out above. If such risks and rewards are not transferred, the nature of the properties is deemed to be akin to serviced accommodation, and payments under the PFI contract are treated as operating lease payments.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Leasehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

**1.6 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.7 Debtors**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.9 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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 instruments.

**1.11 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Fund accounting**

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

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

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

**1.15 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Woodlands Academy is a PFI school and the property occupied is therefore the subject of a PFI contract. The trustees have given consideration to the detailed terms of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the trust. The trustees have concluded that the PFI contract does indeed transfer the risks and rewards of ownership to the trust and accordingly the property is accounted for under the policies of tangible fixed assets above.

The trustees also give consideration to whether properties held under 125 year leases from the Local Authority transfer the risks and rewards of ownership to the trust. The trustees have concluded that the 125 year leases do indeed transfer the risks and rewards of ownership to the trust and accordingly the properties are accounted for under the policies of tangible fixed assets above.



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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donation from Local Authority on conversion	(49,612)	-	38,937	(10,675)	10,186,109
Capital grants	-	-	1,067,875	1,067,875	-
	<u>20,109</u>	<u>(2,965,000)</u>	<u>13,131,000</u>	<u>10,186,109</u>	
<i>Total 2016</i>	<u>20,109</u>	<u>(2,965,000)</u>	<u>13,131,000</u>	<u>10,186,109</u>	

The donation from the Local Authority on conversion relates to adjustments made to the figures included in the prior year's financial statements. The surplus/deficit on conversion for three of the schools were agreed but disputed, and for one school was estimated. The final figures have now been agreed.

**3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,620,209	6,620,209	4,706,164
Other DfE/ESFA grants	-	583,229	583,229	696,418
	<u>-</u>	<u>7,203,438</u>	<u>7,203,438</u>	<u>5,402,582</u>
<b>Other government grants</b>				
Local Authority grants	-	3,724,599	3,724,599	1,526,706
	<u>-</u>	<u>3,724,599</u>	<u>3,724,599</u>	<u>1,526,706</u>
<b>Other funding</b>				
School trips	30,421	-	30,421	16,630
Catering	56,731	-	56,731	33,024
Consultancy and staff income	275,628	-	275,628	113,109
Other income	172,160	-	172,160	296,331
	<u>534,940</u>	<u>-</u>	<u>534,940</u>	<u>459,094</u>
	<u>534,940</u>	<u>10,928,037</u>	<u>11,462,977</u>	<u>7,388,382</u>
<i>Total 2016</i>	<u>524,373</u>	<u>6,864,009</u>	<u>7,388,382</u>	

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	12,547	-	12,547	691
<i>Total 2016</i>	691	-	691	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	648	-	648	760
<i>Total 2016</i>	760	-	760	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	8,388,390	-	583,773	8,972,163	5,496,538
Support costs	1,194,813	750,138	1,440,105	3,385,056	2,368,535
	9,583,203	750,138	2,023,878	12,357,219	7,865,073
<i>Total 2016</i>	6,158,051	319,957	1,387,065	7,865,073	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Academy's Educational Operations	<b>8,972,163</b>	<b>3,385,056</b>	<b>12,357,219</b>	<b>7,865,073</b>
<i>Total 2016</i>	<i>5,496,538</i>	<i>2,368,535</i>	<i>7,865,073</i>	

**Analysis of support costs**

	Academy's Educational Operations £	Total 2017 £	Total 2016 £
Staff costs	1,194,813	1,194,813	998,601
Depreciation	368,460	368,460	211,538
Technology costs	113,179	113,179	87,253
Premises costs	471,036	471,036	319,957
PFI costs	279,102	279,102	-
Other support costs	898,274	898,274	589,148
Governance costs	60,192	60,192	162,038
	<b>3,385,056</b>	<b>3,385,056</b>	<b>2,368,535</b>
<i>At 31 August 2016</i>	<i>2,368,535</i>	<i>2,368,535</i>	

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	<b>391,671</b>	226,275
Auditors' remuneration - audit	<b>12,550</b>	10,550
Auditors' remuneration - other services	<b>2,900</b>	2,900
Internal audit costs	<b>5,850</b>	5,688
Operating lease rentals	<b>41,899</b>	15,370

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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	7,057,154	4,780,641
Social security costs	623,553	368,967
Operating costs of defined benefit pension schemes	1,742,656	908,277
	<u>9,423,363</u>	<u>6,057,885</u>
Apprenticeship levy	8,935	-
Supply teacher costs	80,677	100,166
Staff restructuring costs	70,228	-
	<u><u>9,583,203</u></u>	<u><u>6,158,051</u></u>

Staff restructuring costs comprise:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Severance payments	<u>70,228</u>	<u>-</u>

Included in staff costs are non-statutory severance payments of £70,228.

Individually, the payments were: £25,076, £22,256 and £22,896.

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	102	98
Management	14	16
Administration and Support	259	260
	<u>375</u>	<u>374</u>

Average headcount expressed as a full time equivalent:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	87	78
Management	14	16
Administration and Support	162	193
	<u>263</u>	<u>287</u>

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**9. STAFF COSTS (continued)**

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

	<b>2017</b>	<i>2016</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>1</b>	<i>0</i>
In the band £70,001 - £80,000	<b>1</b>	<i>2</i>
In the band £100,001 - £110,000	<b>2</b>	<i>0</i>
In the band £140,001 - £150,000	<b>1</b>	<i>1</i>

The above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the staff trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £636,989 (2016 - £389,837).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. CENTRAL SERVICES**

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

- Financial services;
- Educational support services;
- Strategic leadership.

The Trust charges for these services on the following basis:

6.5% of GAG and agreed local authority place funding for existing Academies.

The actual amounts charged during the year were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Ambergate Sports College	<b>107,244</b>	<b>67,904</b>
The Grantham Sandon School	<b>81,648</b>	<b>62,022</b>
The Isaac Newton Primary School	<b>98,976</b>	<b>64,408</b>
The John Fielding Special School	<b>60,816</b>	<b>27,852</b>
The Priory School	<b>100,428</b>	<b>50,688</b>
The Garth School	<b>68,280</b>	<b>31,698</b>
Woodlands Academy	<b>91,461</b>	<b>6,493</b>
	<b>608,853</b>	<b>311,065</b>
Total	<b>608,853</b>	<b>311,065</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		<b>2017</b>	<i>2016</i>
		<b>£'000</b>	<i>£'000</i>
P Bell, CEO	Remuneration	<b>145-150</b>	<i>125-130</i>
	Pension contributions paid	<b>20-25</b>	<i>15-20</i>
C Buffham, staff trustee	Remuneration	<b>nil</b>	<i>35-40</i>
	Pension contributions paid	<b>nil</b>	<i>5-10</i>
D Bland, staff trustee	Remuneration	<b>105-110</b>	<i>45-50</i>
	Pension contributions paid	<b>15-20</b>	<i>5-10</i>

During the year ended 31 August 2017, expenses totalling £141 (2016 - £239) were reimbursed to 2 Trustees (2016 - 2).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,035 (2016 - £1,035).

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**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>					
At 1 September 2016	3,367,500	16,744,850	65,944	59,513	73,600
Additions	12,837	682,093	33,000	32,324	39,179
At 31 August 2017	<u>3,380,337</u>	<u>17,426,943</u>	<u>98,944</u>	<u>91,837</u>	<u>112,779</u>
<b>Depreciation</b>					
At 1 September 2016	54,400	126,553	32,973	18,081	34,440
Charge for the year	54,566	266,832	24,528	13,693	32,052
At 31 August 2017	<u>108,966</u>	<u>393,385</u>	<u>57,501</u>	<u>31,774</u>	<u>66,492</u>
<b>Net book value</b>					
At 31 August 2017	<u>3,271,371</u>	<u>17,033,558</u>	<u>41,443</u>	<u>60,063</u>	<u>46,287</u>
At 31 August 2016	<u>3,313,100</u>	<u>16,618,297</u>	<u>32,971</u>	<u>41,432</u>	<u>39,160</u>
					<b>Total</b>
					<b>£</b>
<b>Cost</b>					
At 1 September 2016					20,311,407
Additions					799,433
At 31 August 2017					<u>21,110,840</u>
<b>Depreciation</b>					
At 1 September 2016					266,447
Charge for the year					391,671
At 31 August 2017					<u>658,118</u>
<b>Net book value</b>					
At 31 August 2017					<u>20,452,722</u>
At 31 August 2016					<u>20,044,960</u>

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

- Cabin classrooms at Ambergate - £125,522;
- Roofing projects at Garth, The Priory and Sandon - £381,191;
- Health and Safety works at Garth - £80,000;
- Other small property improvements across the Trust - £108,217



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**14. DEBTORS**

	2017	2016
	£	£
Trade debtors	182,187	1,681
Other debtors	246,949	66,417
Prepayments and accrued income	812,926	446,740
	1,242,062	514,838
	1,242,062	514,838

**15. CREDITORS: Amounts falling due within one year**

	2017	2016
	£	£
Trade creditors	623,092	229,046
Other taxation and social security	155,261	149,120
Other creditors	162,260	65,741
Accruals and deferred income	549,104	259,359
	1,489,717	703,266
	1,489,717	703,266
	2017	2016
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2016	68,877	54,270
Resources deferred during the year	210,608	68,877
Amounts released from previous years	(68,877)	(54,270)
	210,608	68,877
Deferred income at 31 August 2017	210,608	68,877

Deferred income relates to income received to various income streams received in the period which relate to the academic and financial year 2017/2018 such as Universal Infant Free School Meals income, PFI grant funding and trip income.

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**16. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	405,292	498,523	(529,498)	-	-	374,317
<b>Restricted funds</b>						
General Annual Grant (GAG)	34,977	6,620,209	(6,479,222)	(51,641)	-	124,323
Other DfE/ESFA Grants	-	583,229	(583,229)	-	-	-
Local Authority Grants	-	3,724,599	(3,724,599)	-	-	-
Teaching school	-	84,773	(75,233)	-	-	9,540
Pension reserve	(7,999,000)	-	(649,000)	-	2,034,000	(6,614,000)
	<u>(7,964,023)</u>	<u>11,012,810</u>	<u>(11,511,283)</u>	<u>(51,641)</u>	<u>2,034,000</u>	<u>(6,480,137)</u>
<b>Restricted fixed asset funds</b>						
Transfer from former schools on conversion	19,847,363	38,937	(391,670)	-	-	19,494,630
Capital expenditure from GAG	97,193	-	-	51,641	-	148,834
Other DfE/ESFA and govt grants	33,039	1,007,594	-	-	-	1,040,633
Other activities	67,365	60,281	-	-	-	127,646
	<u>20,044,960</u>	<u>1,106,812</u>	<u>(391,670)</u>	<u>51,641</u>	<u>-</u>	<u>20,811,743</u>
Total restricted funds	<u>12,080,937</u>	<u>12,119,622</u>	<u>(11,902,953)</u>	<u>-</u>	<u>2,034,000</u>	<u>14,331,606</u>
Total of funds	<u>12,486,229</u>	<u>12,618,145</u>	<u>(12,432,451)</u>	<u>-</u>	<u>2,034,000</u>	<u>14,705,923</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	382,418	274,257	(340,661)	89,278	-	405,292
	<u>382,418</u>	<u>274,257</u>	<u>(340,661)</u>	<u>89,278</u>	<u>-</u>	<u>405,292</u>

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**16. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	66,343	4,706,164	(4,551,879)	(185,651)	-	34,977
Other DfE/ESFA Grants	91,500	696,418	(773,563)	(14,355)	-	-
Local Authority Grants	-	1,442,427	(1,442,427)	-	-	-
	26,592	271,676	(298,268)	-	-	-
Pension reserve	(2,064,000)	(2,965,000)	(232,000)	-	(2,738,000)	(7,999,000)
	<u>(1,879,565)</u>	<u>4,151,685</u>	<u>(7,298,137)</u>	<u>(200,006)</u>	<u>(2,738,000)</u>	<u>(7,964,023)</u>

**Restricted fixed asset funds**

Transfer from former schools on conversion	6,898,775	13,131,000	(182,412)	-	-	19,847,363
Capital expenditure from GAG	3,397	-	(16,932)	110,728	-	97,193
Other DfE/ESFA and govt grants	44,231	-	(11,192)	-	-	33,039
Other activities	64,104	19,000	(15,739)	-	-	67,365
	<u>7,010,507</u>	<u>13,150,000</u>	<u>(226,275)</u>	<u>110,728</u>	<u>-</u>	<u>20,044,960</u>
Total restricted funds	<u>5,130,942</u>	<u>17,301,685</u>	<u>(7,524,412)</u>	<u>(89,278)</u>	<u>(2,738,000)</u>	<u>12,080,937</u>
Total of funds	<u>5,513,360</u>	<u>17,575,942</u>	<u>(7,865,073)</u>	<u>-</u>	<u>(2,738,000)</u>	<u>12,486,229</u>

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Trust from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Trust at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from Local Authority represents the buildings and assets transferred to the Trust from the Local Authority upon conversion.

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

Other government grants represents other ESFA and local authority funding transferred from restricted funds.

Other activities represents fixed asset expenditure transferred from other income.

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**16. STATEMENT OF FUNDS (continued)**

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Trust.

Other DfE/ESFA Grants represent other restricted funding which does not form part of the GAG funding.

Local Authority Grants represents restricted funding received from the local authority towards the running costs of the Trust.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent recurrent income being used to fund capital expenditure.

Summary of funds

The balance of restricted general funds and unrestricted funds at 31 August 2017 was £508,180.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Ambergate Sports College	<b>332,312</b>	287,924
The Grantham Sandon School	<b>211,582</b>	115,098
The Isaac Newton Primary School	<b>80,614</b>	59,238
The John Fielding Special School	<b>49,107</b>	40,796
The Priory School	<b>(83,647)</b>	(84,234)
The Garth School	<b>7,168</b>	(36,954)
Woodlands Academy	<b>(47,470)</b>	65,873
Central Services	<b>(41,486)</b>	(7,472)
Total before fixed asset fund and pension reserve	<b>508,180</b>	440,269
Restricted fixed asset fund	<b>20,811,743</b>	20,044,960
Pension reserve	<b>(6,614,000)</b>	(7,999,000)
Total	<b>14,705,923</b>	12,486,229

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**16. STATEMENT OF FUNDS (continued)**

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

<b>Name of academy</b>	<b>Amount of deficit £</b>
The Priory School	<b>(83,647)</b>
Woodlands Academy	<b>(47,470)</b>
Central Services	<b>(41,486)</b>

The Priory School deficit is largely due to a lower than expected carry forward on conversion from Lincolnshire County Council.

Woodlands Academy deficit is due to severance payments in the year a part of a staff restructuring exercise as well as additional LGPS lump-sum contributions.

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

All Trust budgets are being reviewed as part of a detailed bottom-up reforecasting and budgeting exercise planned in 2017/18. Any short term deficits will be funded by the Trust reserves and repaid in subsequent years from Schools' surpluses. The Trust's medium term financial projections continue to show healthy reserves are being maintained.

The financial year 2016-17 has placed significant monetary strains on the Trust. These have been the obvious ones of inflationary pressures and the well published apprentice levy, as well as some unexpected one's. Across the Trust the increased pension contributions to meet the support staff pension deficit totalled £92,884. Also, re-structuring costs for the year amounted to £70,228. In total, these costs have amounted to approximately £163,112. This is a significant amount to find from a flat budget, however through centralising procurement, sourcing of other income and prudent spending from all schools, CIT has managed to achieve a small operating surplus of £67,910.

As a Trust, we are moving to create a fully functional central services function that will provide support for Finance, HR, IT and other universally required services to all schools in the CIT family. It is our belief that there are considerable economies of scale to be realised by centralising the provision of non-educational services and utilities. We have already had success in centralising buying for IT hardware and Insurance services. It is our intention to continue these improvements to realise yet more cost savings into the Trust.

The deficit against Central Services is due to additional set up costs. This is expected to turn to a surplus as the MAT expands.

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**16. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding dep'n £	Total 2017 £	Total 2016 £
Ambergate Sports College	946,367	430,303	100,717	269,945	1,747,332	1,784,220
The Grantham Sanson School	899,134	159,426	24,958	241,104	1,324,622	1,516,145
The Isaac Newton Primary School	1,368,827	129,521	88,325	358,684	1,945,357	1,793,457
The John Fielding Special School	870,703	114,938	23,227	161,883	1,170,751	558,268
The Priory School	1,216,513	179,004	67,387	295,182	1,758,086	881,106
The Garth School Woodlands Academy	1,314,219	71,731	89,681	534,558	2,010,189	108,723
Central services	380,765	-	9,799	411,698	802,262	276,360
	<u>7,912,015</u>	<u>1,195,191</u>	<u>429,620</u>	<u>2,463,810</u>	<u>12,000,636</u>	<u>7,513,798</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	20,452,722	20,452,722
Current assets	374,317	1,532,279	450,322	2,356,918
Creditors due within one year	-	(1,398,416)	(91,301)	(1,489,717)
Provisions for liabilities and charges	-	(6,614,000)	-	(6,614,000)
	<u>374,317</u>	<u>(6,480,137)</u>	<u>20,811,743</u>	<u>14,705,923</u>

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	20,044,960	20,044,960
Current assets	484,753	658,782	-	1,143,535
Creditors due within one year	(79,461)	(623,805)	-	(703,266)
Provisions for liabilities and charges	-	(7,999,000)	-	(7,999,000)
	<u>405,292</u>	<u>(7,964,023)</u>	<u>20,044,960</u>	<u>12,486,229</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	<b>185,694</b>	9,710,869
<b>Adjustment for:</b>		
Depreciation charges	<b>391,671</b>	226,275
Dividends, interest and rents from investments	<b>(648)</b>	(760)
Increase in debtors	<b>(727,224)</b>	(307,473)
Increase in creditors	<b>786,491</b>	408,330
Capital grants from DfE and other capital income	<b>(1,015,644)</b>	(19,000)
Defined benefit pension scheme cost less contributions payable	<b>476,000</b>	111,000
Defined benefit pension scheme finance cost	<b>173,000</b>	121,000
Net gain/(loss) on assets and liabilities from local authority on conversion	<b>10,675</b>	(10,186,109)
<b>Net cash provided by operating activities</b>	<b>280,015</b>	64,132

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	<b>1,114,856</b>	628,697
Total	<b>1,114,856</b>	628,697

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**20. CONTINGENCIES**

The academy had no contingent liabilities at 31 August 2017.

In the event of Community Inclusive Trust ceasing to operate as an academy trust, provisions are included in the funding agreement relating to clawback of assets and monies paid to the trust.

**21. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £152,389 were payable to the schemes at 31 August 2017 (2016 - £62,141) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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



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**21. PENSION COMMITMENTS (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%.

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

The employer's pension costs paid to TPS in the period amounted to £1,122,274 (2016 - £426,518).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £[enter amount] (2016 - £538,000), of which employer's contributions totalled £657,000 (2016 - £418,000) and employees' contributions totalled £166,000 (2016 - £120,000). The agreed contribution rates for future years are 18.0% - 18.5% for employers and various % 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.

Lincolnshire Pension Fund

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.80 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Commutation of pensions to lump sums	75.00 %	63.00 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.5
Females	26.6	26.8

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**21. PENSION COMMITMENTS (continued)**

<b>Sensitivity analysis</b>	<b>At 31 August 2017 £</b>	<i>At 31 August 2016 £</i>
Discount rate +0.1%	<b>284,000</b>	294,000
Mortality assumption - 1 year increase	<b>310,000</b>	323,000

The trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Fair value at 31 August 2017 £</b>	<i>Fair value at 31 August 2016 £</i>
Equities	<b>2,907,000</b>	2,126,000
Gilts	-	-
Corporate bonds	<b>447,000</b>	359,000
Property	<b>335,000</b>	276,000
Cash and other liquid assets	<b>37,000</b>	-
Derivatives	-	-
Total market value of assets	<b>3,726,000</b>	2,761,000

The actual return on scheme assets was £117,000 (2016 - £298,000).

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

	<b>2017 £</b>	<i>2016 £</i>
Current service cost	<b>(1,133,000)</b>	(529,000)
Interest income	<b>66,000</b>	56,000
Interest cost	<b>(239,000)</b>	(177,000)
Total	<b>(1,306,000)</b>	(650,000)
Actual return on scheme assets	<b>117,000</b>	298,000

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**21. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	10,760,000	3,026,000
Current service cost	1,133,000	529,000
Interest cost	239,000	177,000
Employee contributions	166,000	120,000
Actuarial (gains)/losses	(1,917,000)	3,036,000
Benefits paid	(41,000)	-
Fair value of defined benefit obligation transferred to the academy upon conversion	-	3,872,000
	<u>10,340,000</u>	<u>10,760,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,761,000	962,000
Interest income	66,000	56,000
Actuarial losses	117,000	298,000
Employer contributions	657,000	418,000
Employee contributions	166,000	120,000
Benefits paid	(41,000)	-
	<u>3,726,000</u>	<u>2,761,000</u>

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**22. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Land and Buildings - Amounts payable:</b>		
Within 1 year	274,038	267,862
Between 1 and 5 years	1,019,807	1,022,057
After more than 5 years	2,541,080	2,795,188
Total	<u>3,834,925</u>	<u>4,085,107</u>
<b>Other - Amounts payable:</b>		
Within 1 year	21,793	30,479
Between 1 and 5 years	6,178	25,313
Total	<u>27,971</u>	<u>55,792</u>

**23. MEMBERS' LIABILITY**

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

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has 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.

T Ellis, director of Virsco Limited, is a family relation to both Principal in charge at Ambergate and Principal in charge at Sandon. Transactions during the period amount to £39,037 (2016 - £50,505) with no amounts outstanding at the year end (2016 - £nil). All staff appointments through Virsco Ltd have been made following a detailed selection process and value for money exercise. The staff were deemed to demonstrate the highest level of expertise and experience to meet the needs of pupils, in a special needs setting, and provide a significant cost saving and flexibility to the Trust.

Trustees' remuneration is disclosed in Note 11.

**25. POST BALANCE SHEET EVENTS**

On 1 December 2017 Caythorpe Primary School joined the trust.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2017 the trust received £1,561 and disbursed £1,561 from the fund.