
COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 15
Governance statement	16 - 19
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditors' report on the financial statements	22 - 24
Independent reporting accountant's assurance report on regularity	25 - 26
Statement of financial activities incorporating income and expenditure account	27
Balance sheet	28
Statement of cash flows	29
Notes to the financial statements	30 - 56

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

P Boucher
K Weekes (resigned 16 March 2018)
G Cook
S Paley (appointed 16 March 2018)

Trustees

P Boucher, Chair
G Cook
S Paley (appointed 16 March 2018)
K Weekes
J Stanford (resigned 21 September 2017)
P Bell, Chief Executive and Accounting Officer
D Bland, Staff Trustee (resigned 1 September 2017)
S Linforth (resigned 5 July 2018)
P Jordan
R King
K Goodman (appointed 16 March 2018)
L McClements (appointed 16 March 2018)

Company registered number

09071623

Company name

Community Inclusive Trust

Principal and registered office

Poplar Farm School, Helmsley Road, Grantham, Lincs, NG31 8XF

Company secretary

G Tavener

Chief executive officer

P Bell

Senior leadership team

P Bell, CEO
A Finn, COO
C Buffham, Director of Education (Special Educational Needs)
P Hill, Director of Education (Mainstream Primary)
M Allbones, Head of Finance
G Tavener, Head of Governance

Independent auditors

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Bankers

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

Solicitors

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

CHIEF EXECUTIVE OFFICER'S REPORT

In this report, I am delighted to share the progress and successes of Community Inclusive Trust (CIT), as well as some of the challenges we have faced in 2017-2018.

CIT continues to grow, primarily through the conversion of schools into the Trust. Caythorpe Primary joined CIT in December 2017, with Chapel St. Leonards Primary School joining the Trust in March 2018.

The Phoenix Academy is due to join CIT on 1 November 2018 bringing the total number of schools within the Trust to 11. The Trust will consist of four primary schools, seven special schools, and a teaching school, the Lincolnshire Education & Research Network (LEARN) Teaching School Alliance.

In 2017, CIT successfully won a bid to open a purpose-built school in Grantham and welcomed the first intake of reception pupils into Poplar Farm School in September 2018. The pupils will be joined year on year by reception pupils until the capacity of 420 is reached. The School has already received applications for the 2019/2020 intake over capacity (capacity 60, applications 69).

To support and provide further academic rigour, the Trust has appointed a full time Director of Primary Education and a Director of Education Special Educational Needs. The Directors of Education provide high levels of challenge and support to the growing family of schools within the Trust. A significant, measurable impact of this model has been the success at Isaac Newton Primary who achieved a Good Ofsted grade in September 2017, having previously received a judgement of Special Measures prior to joining CIT.

CIT continues to work very closely with Lincolnshire County Council to review and implement significant changes to Special Educational Needs & Disabilities (SEND) provision across the County. Recommendations following the review were to allow SEND pupils access to the right education, in the right location and at the right time. CIT will achieve this by changing the status of some SEND schools to accommodate all special educational needs. Significant funding has been secured from the Local Authority (LA) and Condition Improvement Funding (CIF) to enable and support these changes. Once complete, five Special schools within CIT will have been fully refurbished or rebuilt with an investment in excess of £20 million.

I am very proud of CIT's ongoing success in maintaining the highest of standards across the Trust as well as in school-to-school support beyond CIT. We feel that the factors which underpin our schools' successful improvement programmes are: high challenge and support, which is informed by rigorous review processes, and ensuring there is sufficient capacity available to provide timely leadership and support.

CIT's teaching school, LEARN, has two National Leaders of Education (NLEs) attached to it, who operate in conjunction with three CIT NLEs, as well as staff from the Trust's National Support Schools. LEARN actively works on projects within other schools, academy chains and Local Authorities, thus extending the Trust's influence in the region's educational network. This engagement enables greater levels of system-led improvements, positive outcomes for pupils and creates further opportunities for collaboration between leaders and staff at all levels throughout the Trust and beyond.

CIT's Teaching School, as part of "Lincolnshire Teaching School Together", secured £430,000 for school-to-school support through the DfE School Improvement Fund, in order to develop mainstream schools' ability to meet SEND pupils' needs. The Trust also received c. £500,000 in SEN funding as a consequence of re-banding.

As a Multi Academy Trust, CIT benefitted from economies of scale, which is vital in the current economic climate. Throughout 2017/18, there were significant financial strains. However, the Trust was able to make a

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

number of cost savings by utilising its economies of scale, bringing the Trust to a break-even position.

CIT also made cost savings by insourcing Finance and IT functions, as well as a number of other support roles to create a Trust Service Hub. The centralisation of these support functions enables the Trust to increase efficiency through the streamlining of non-educational services and utilities and provide an in-house team of specialists to offer expertise and advice to the entire Trust.

Other financial successes have been the Trust's ability to continue to attract significant funding for infrastructure upgrades through the DfE CIF application process, totalling c. £3 million in 2017-18.

Finally, the fundraising team have secured over £195,000 in 2017-18 from outside charities. This will contribute to the provision of minibuses, playground facilities, sensory rooms and Forest Schools, to mention just a few of the enhancements to CIT's already impressive offer. CIT's successful fundraising team fulfils an important part of our missions. We feel our active engagement to supplement financial support through bids and fundraising highlights our commitment to maintaining fantastic facilities for our pupils within the trust. In addition, we feel that fundraising in this way has multiple benefits, such as promoting the importance of working as a team, installing the importance of community and charity, helping the community and parents of pupils to have a more active role in the community and children's lives, and of course, help provide a better environment for our pupils.

Community Inclusive Trust (CIT) has continued to grow, primarily through the successful conversion of schools into the Trust. The most recent schools to convert into the Trust are Chapel St Leonards (March 2018) and Caythorpe Primary School (December 2017). The Trust warmly welcomes the schools into the Trust and continues to strengthen working relationships through cooperation and pooling of resources.

In addition to two conversions in the year, CIT had successfully won a bid to open Poplar Farm Primary School, a purpose built free school in Grantham. Poplar Farm Primary School opened in September 2018 accepting the first cohort of reception pupils. The School will continue to enrol reception classes' year on year until it reaches a maximum of 420 pupils across all primary year groups.

As at 31 August 2018 The Trust comprised of the following schools and GAG funded pupils on roll.

- Ambergate Sports College (144)
- Sandon School (72)
- Isaac Newton Primary School (408)
- The Garth School (59)
- The Priory School (133)
- John Fielding Special School (58)
- The Woodlands Academy (76)
- Chapel St Leonards Primary School (187)
- Caythorpe Primary School (113)

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Community Inclusive Trust are also the directors of the charitable company for the purpose 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:

- i) 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
- ii) 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.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

In accordance with the Articles of Association the Members may appoint up to 9 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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 Academy(ies), approving decisions reserved to Local Governing Body Governors and Members and appointing key members of staff.

Subject to the Articles of Association, the Trustees may regulate their proceedings as they see fit in order to discharge their duties as Trustees. The Trust Board holds at least three meetings in every school year. The Trust utilises electronic communications and virtual groups in order to maintain progressive working practice and efficiency. A scheme of Delegation is in place, which devolves some powers and responsibilities to senior members of staff as well as Local Governing Bodies of each academy. The Scheme of Delegation is reviewed at least annually by the Trust Board and amended if necessary. Each Local Governing Body operates within Terms of Reference which documents and define the objectives and the scope of the responsibilities.

The Executive Principal is the Accounting Officer and works closely with the other Trustees, the Local Governing Bodies and senior staff to ensure the Trust achieves its objectives.

The day-to-day management of the Trust rests with the Chief Executive Officer who holds overall responsibility. The CEO is responsible for establishing an Executive Team, which includes certain senior members of staff within the Trust. The Executive Team are responsible for ensuring the strategic direction is maintained. In addition, a senior leadership team has been established which includes Directors of Education, academy Head Teachers, Heads of School and the Vice Principals.

The Executive Principal 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 authority. Financial authority is delegated in line with the Scheme of Delegation, the Financial Management Policy and Financial Operating Procedures Handbook which are reviewed by the Board on an annual basis. Financial and business decisions are conducted in line with the Academies Financial Handbook 2017 and in accordance with the Trust policy and best practice.

SENIOR LEADERSHIP TEAM

CIT has adopted an operating structure whereby each academy is run by a Substantive Head teacher and supported by an Executive Head teacher. The Executive Head teachers provide leadership and mentoring to each school. The model creates a supportive structure which utilises the expertise of senior teaching staff and ensures the values of the Trust are maintained.

The leadership structure supports the progression of talented individuals and welcomes their development. In turn produces added value due to the sharing best practice and high standards.

In addition, the supporting the substantive heads, some executive heads are actively participating with the development of other schools which are not yet part of the Trust. CIT believes in sharing best practice with other schools in order to achieve higher educational standards.

From time to time, we as CIT are asked to assist in school development plans and the Trust's expertise are used to deliver measured improvement to the school. This sometimes leads to a school converting and joining

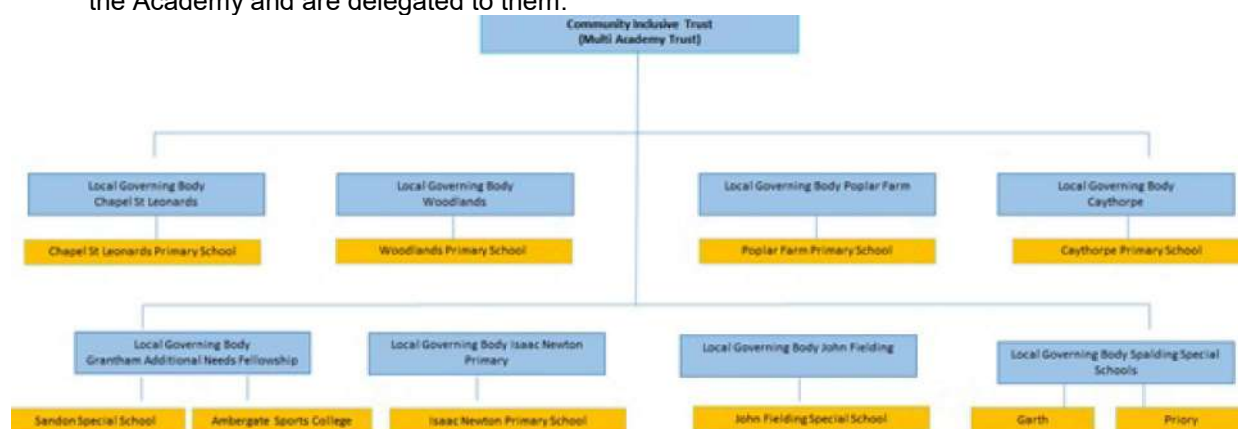
COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 and 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;
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.



PAY POLICY FOR KEY MANAGEMENT PERSONNEL

A Remuneration, Performance Management and Nominations Committee was established in order to set the pay and performance conditions of the CEO and other senior members of staff. Only staff trustees, including the CEO, Executive Head teachers, Head teachers and Senior Management 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

TRADE UNION FACILITY TIME

The trust has no employees who were relevant union officials during the year.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

Community Inclusive Trust takes seriously its obligations to remain transparent at all times. All employees are required to disclose any personal and pecuniary relationships on an annual basis as well as when an event becomes notifiable. Related party disclosures are published on each school website.

CIT 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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

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.

SAT's results

School	Key Stage 2			
	Reading	Writing	Maths	Combined
Isaac Newton	59% (-2.0)	67% (0.0)	61% (0.2)	55%
Caythorpe	78% (-0.3)	83% (-0.6)	89% (-1.1)	72%
Chapel St Leonards	48% (-3.8)	45% (-4.6)	41% (-6.0)	38%
	Key Stage 1			
	Read	Write	Maths	
Isaac Newton	65%	63%	68%	
Caythorpe	75%	75%	75%	
Chapel St Leonards	27%	27%	27%	
	Phonics			
Isaac Newton	78%			
Caythorpe	88%			
Chapel St Leonards	84%			
	Foundation Stage			
Isaac Newton	67%			
Caythorpe	71%			
Chapel St Leonards	48%			

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GCSE Results

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

School Monitoring, Support and Challenge

All schools have undergone a CIT annual health check this year. These health checks have graded the school as follows along with the Ofsted grading:

School	OFSTED	CIT
Ambergate	Outstanding	Outstanding
Caythorpe	Good	Good
Chapel St Leonards	Special Measures	Health Check in Oct/Nov
Garth	Outstanding	Outstanding
John Fielding	Good	Good
Isaac Newton	Good	Good
Poplar Farm	Passed OFSTED pre-opening inspection	
Priory	Good	Good
Sandon	Outstanding	Outstanding
Woodlands	Outstanding	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 Trust's evaluation of the school's 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.

REVIEW OF ACTIVITIES

In 2017/2018, CIT has maintained its proven record of accomplishing high standards in its schools. CIT has transformed a number of underperforming schools to be graded Outstanding or Good by Ofsted. CIT takes seriously its influence within the local community and is committed to providing leadership support a number of local schools that are not within the Trust, by providing mentoring and support as well as performance appraisals and reviews.

Lincolnshire Education and Research Network (LEARN) has extend the Trust's influence in education. This engagement with National Leaders in Education 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 personalised and informed by the highest quality assessment and feedback
- Teaching engages and inspires, developing pupil's curiosity, imagination and love of learning

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- 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 and four as Good. Isaac Newton, Caythorpe and Chapel St Leonards are currently the only mainstream schools within the Trust. Against national benchmarks, For further details on all Academies progress, refer to the CIT Website (www.citacademies.co.uk).

FINANCIAL REVIEW

The Trust held fund balances at 31 August 2018 of £22,535,307, comprising £194,987 of restricted funds, a fixed asset reserve of £28,167,859, a pension reserve deficit of £6,419,000 and £591,461 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 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities. During the year ended 31 August 2018, total expenditure of £12,871,413 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 £243,879.

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, £171,295 was carried forward representing 2.2% of GAG.

Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2018 this was 82.6% 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 £6,419,000.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 over a period of time and will review the reserves level annually. The target level of reserves is one month's projected total revenue expenditure, equivalent to £1m as agreed by the Board 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 2018, the funds held in Unrestricted Reserves were £591,461 and Restricted Revenue Reserves totalled £194,987. A further £28,167,859 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 £6,419,000 is shown in the Trust's balance sheet in respect of the local government pension scheme. The academy 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 academy 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 proposed reform of the pension scheme. The academy maintains 5-year financial plan, which considers various funding scenarios and how these can be managed and planned for. The academy'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 & Financial Audit 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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- 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. 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.
 8. 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.

FUNDRAISING

The fundraising team have secured over £195,000 in 2017-18 from outside charities. This will contribute to the provision of minibuses, playground facilities, sensory rooms and Forest Schools, to mention just a few of the enhancements to CIT's already impressive offer. CIT's successful fundraising team fulfils an important part of our missions. We feel our active engagement to supplement financial support through bids and fundraising highlights our commitment to maintaining fantastic facilities for our pupils within the trust. In addition, we feel that fundraising in this way has multiple benefits, such as promoting the importance of working as a team, installing the importance of community and charity, helping the community and parents of pupils to have a more active role in the community and children's lives, and of course, help provide a better environment for our pupils.

PLANS FOR FUTURE PERIODS

Community Inclusive Trust continues to achieve its strategic objectives and deliver excellent support to academies within the Organisation; a mechanism enabled by pooling resources, providing value for money and delivering economies of scale.

The Trust is further supported by the Lincolnshire Education and Research Network (LEARN teaching school) which provides training and development to educators and support staff across schools in the East Midlands.

CIT is committed to the training, development and wellbeing of staff across all of its schools. Through its investment in people, by training and personal development, the service provided to the pupils is enhanced as well as developing the necessary infrastructure to support underperforming schools.

Enhancement Mentoring

CIT is committed to ensure value is added back to the Trust by providing training, development and succession opportunities.

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

As a Trust, we are moving to create a fully functional central services function that will provide support for

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 further cost savings into the Trust.

FUNDS HELD AS CUSTODIAN

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 AND 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 and encourages all employees and provides equal access to career development and promotion opportunities.

All applicants to employment are treated fairly regardless of their race, disability, gender, religious beliefs or sexual orientation.

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.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on its behalf by:

P Boucher
Chair of Trustees

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

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	2	4
S Paley	1	1
K Weekes	4	4
J Stanford	0	1
P Bell, Chief Executive and Accounting Officer	4	4
D Bland, Staff Trustee	1	1
S Linforth	2	3
P Jordan	4	4
R King	2	4
K Goodman	1	2
L McClements	2	2

The composition of the Board has evolved during the year. This has been driven by the 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.

Recent additions to the Board include an HR consultant, Director of a finance company, a Head Teacher of a Church of England Academy and a Head Teacher of an Outstanding Secondary school, who is also serving as Ofsted inspector and a HR director and consultant.

Throughout the year, the Trust has been working with the Chairs of the Local Governing Bodies across the Trust to review their role and scheme of delegation.

The Finance and Financial Audit Committee is a sub-committee of the main board of trustees. Its purpose is to advise the main board on matters relating to the Academies Financial Handbook, financial performance, financial risk and effective financial control. Decisions of the Finance Committee are by majority vote. The Finance Committee shall have as many members as is determined by the main board from time to time, appointments to the committee falling into one of two categories:

Full Members - non-employees who are also Trustee Directors of the CIT Trust Board, and who may vote on all matters discussed or brought before the Finance Committee.

Associate Members - who may not vote on audit matters (nor on any other matters if so decided by a majority of the Finance Committee full members present, and may also be asked to withdraw from the meeting in such

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

circumstances) but are nevertheless permanent members of the Finance Committee who may attend as and when other commitments allow. They include the Chair of the CIT Trust Board, the CIT CEO and the CIT CFO.

The Finance Committee may from time to time invite other attendees, employees and non-employees to any meeting, to provide information and participate in discussions for all or part of the meeting. This aids understanding of the grass roots functionality of our schools.

For voting purposes, attendance at a meeting of at least three Full Members constitutes a quorum.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Jordan, Chair	5	5
K Weekes	5	5
K Goodman	1	3
L McClements	3	3
P Bell, Guest	4	5

The Remuneration, Nominations & Performance Management Committee is also a sub-committee of the main board of trustees. The purpose of the Committee is to set the Trust's remuneration Policy, ensure there is adequate succession planning and performance management of senior members of the management team. The Committee meet at least three times each year to ensure that the remuneration systems in place are in line with the industry standard and set to attract and retain individuals of a suitable calibre.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Boucher, Chair	2	2
K Goodman	1	2
R King	2	2

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 expenditures
- Actively looking to 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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

and economically. The system of internal control has been in place in Community Inclusive Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

In prior years the Trust has used external service providers to carry out internal audits and is in the process of procuring external service providers to carry out future programmes of internal audit. During the current year an in-house internal audit team was appointed to carry out a programme of internal audit checks. The Trust is of the opinion that the two newly-appointed senior staff members chosen to carry out these checks were suitably independent in providing balanced and unbiased opinions on working practice.

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
- Cash and banking arrangements
- Purchase procedure compliance
- Use of commercial cards
- Income
- Payroll procedures
- Asset management

Financial internal audit 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 audit team delivered the schedule of work in line with expectations of the internal auditor from previous years. Where areas for improvement were highlighted, the Trust together with the heads of department and school business managers agreed an action plan to strengthen best practice and eradicate any concerns raised.

Key points raised from the during the reviews were some areas of inconsistent record keeping and documentation. However, no material anomalies were identified and general practice indicated schools were

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

operating in line with the Trust's policies. Training was delivered to ensure schools operate in line with the Trust's guidelines.

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 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 12 December 2018 and signed on their behalf, by:

P Boucher
Chair of Trustees

P Bell
Accounting Officer

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Community Inclusive Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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

P Bell
Accounting Officer

Date: 12 December 2018

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 12 December 2018 and signed on its behalf by:

P Boucher
Chair of Trustees

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of Community Inclusive Trust (the 'academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

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 for the financial year 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.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- 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 or to cease operations, or have no realistic alternative but to do so.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' report.

USE OF OUR REPORT

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 Auditors' 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.

Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR
17 December 2018

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 30 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Community Inclusive Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 ACCOUNTANT

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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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 Team's reports.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

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 2017 to 31 August 2018 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)

Streets Audit LLP

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

17 December 2018

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	113,412	(564,000)	7,660,344	7,209,756	1,057,200
Charitable activities	3	504,641	12,947,453	-	13,452,094	11,462,977
Other trading activities						
Teaching school	4	10,850	-	-	10,850	12,547
Teaching school		-	167,839	-	167,839	84,773
Investments	5	913	-	-	913	648
TOTAL INCOME		629,816	12,551,292	7,660,344	20,841,452	12,618,145
EXPENDITURE ON:						
Charitable activities		412,672	13,536,726	486,983	14,436,381	12,357,219
Teaching school		-	153,687	-	153,687	75,232
TOTAL EXPENDITURE	6	412,672	13,690,413	486,983	14,590,068	12,432,451
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		217,144	(1,139,121)	7,173,361	6,251,384	185,694
Transfers between Funds	16	-	(182,755)	182,755	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		217,144	(1,321,876)	7,356,116	6,251,384	185,694
Actuarial gains on defined benefit pension schemes	22	-	1,578,000	-	1,578,000	2,034,000
NET MOVEMENT IN FUNDS		217,144	256,124	7,356,116	7,829,384	2,219,694
RECONCILIATION OF FUNDS:						
Total funds brought forward		374,317	(6,480,137)	20,811,743	14,705,923	12,486,229
TOTAL FUNDS CARRIED FORWARD		591,461	(6,224,013)	28,167,859	22,535,307	14,705,923

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09071623

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		28,076,742		20,452,722
CURRENT ASSETS					
Debtors	14	1,071,644		1,242,062	
Cash at bank and in hand		1,262,840		1,114,856	
			<u>2,334,484</u>		<u>2,356,918</u>
CREDITORS: amounts falling due within one year	15	(1,456,919)		(1,489,717)	
NET CURRENT ASSETS			877,565		867,201
TOTAL ASSETS LESS CURRENT LIABILITIES			28,954,307		21,319,923
Defined benefit pension scheme liability	22		(6,419,000)		(6,614,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			22,535,307		14,705,923
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	194,987		133,863	
Restricted fixed asset funds	16	28,167,859		20,811,743	
Restricted income funds excluding pension liability		28,362,846		20,945,606	
Pension reserve		(6,419,000)		(6,614,000)	
Total restricted income funds			21,943,846		14,331,606
Unrestricted income funds	16		591,461		374,317
TOTAL FUNDS			22,535,307		14,705,923

The financial statements on pages 27 to 56 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

P Boucher
Chair of Trustees

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>484,318</u>	<u>280,015</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		913	648
Proceeds from the sale of tangible fixed assets		5,050	-
Purchase of tangible fixed assets		(2,191,053)	(799,433)
Capital grants		1,735,344	1,015,644
Cash transferred on conversion to an academy trust		113,412	(10,715)
Net cash (used in)/provided by investing activities		<u>(336,334)</u>	<u>206,144</u>
Change in cash and cash equivalents in the year		147,984	486,159
Cash and cash equivalents brought forward		<u>1,114,856</u>	<u>628,697</u>
Cash and cash equivalents carried forward		<u><u>1,262,840</u></u>	<u><u>1,114,856</u></u>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 or valuation, 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 or valuation 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
Furniture and fixtures	-	20% straight line

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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 22, 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 SEFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The 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 27.

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 funders where the asset acquired or created is held for a specific purpose.

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 for tangible fixed assets above.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donation from Local Authority on conversion	113,412	(564,000)	5,925,000	5,474,412	(10,675)
Capital grants	-	-	1,735,344	1,735,344	1,067,875
	<u>113,412</u>	<u>(564,000)</u>	<u>7,660,344</u>	<u>7,209,756</u>	<u>1,057,200</u>
<i>Total 2017</i>	<u>(49,612)</u>	<u>-</u>	<u>1,106,812</u>	<u>1,057,200</u>	

3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,881,460	7,881,460	6,620,209
Other DfE/ESFA grants	-	822,157	822,157	583,229
	<u>-</u>	<u>8,703,617</u>	<u>8,703,617</u>	<u>7,203,438</u>
Other government grants				
Local Authority grants	-	4,243,836	4,243,836	3,724,599
	<u>-</u>	<u>4,243,836</u>	<u>4,243,836</u>	<u>3,724,599</u>
Other funding				
School trips	45,131	-	45,131	30,421
Catering	74,799	-	74,799	56,731
Consultancy and staff income	266,630	-	266,630	275,628
Other income	118,081	-	118,081	172,160
	<u>504,641</u>	<u>-</u>	<u>504,641</u>	<u>534,940</u>
	<u>504,641</u>	<u>12,947,453</u>	<u>13,452,094</u>	<u>11,462,977</u>
<i>Total 2017</i>	<u>534,940</u>	<u>10,928,037</u>	<u>11,462,977</u>	

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	10,850	-	10,850	12,547
<i>Total 2017</i>	12,547	-	12,547	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	913	-	913	648
<i>Total 2017</i>	648	-	648	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct costs	9,871,805	-	604,555	10,476,360	8,972,163
Support costs	1,366,424	711,213	1,882,384	3,960,021	3,385,056
	11,238,229	711,213	2,486,939	14,436,381	12,357,219
<i>Total 2017</i>	9,583,203	750,138	2,023,878	12,357,219	

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy's Educational Operations	10,476,360	3,960,021	14,436,381	12,357,219
<i>Total 2017</i>	<u>8,972,163</u>	<u>3,385,056</u>	<u>12,357,219</u>	

Analysis of support costs

	Academy's Educational Operations £	Total 2018 £	Total 2017 £
Staff costs	1,366,424	1,366,424	1,194,813
Depreciation	463,268	463,268	368,460
Technology costs	200,638	200,638	113,179
Premises costs	433,843	433,843	471,036
PFI costs	277,370	277,370	279,102
Other support costs	1,190,981	1,190,981	898,274
Governance costs	27,497	27,497	60,192
	<u>3,960,021</u>	<u>3,960,021</u>	<u>3,385,056</u>
<i>At 31 August 2017</i>	<u>3,385,056</u>	<u>3,385,056</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	489,690	391,671
Auditors' remuneration - audit	15,050	12,550
Auditors' remuneration - other services	3,650	2,900
Internal audit costs	-	5,850
Operating lease rentals	22,691	41,899
	<u>531,081</u>	<u>474,870</u>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	8,217,666	7,066,089
Social security costs	729,239	623,553
Operating costs of defined benefit pension schemes	2,085,269	1,742,656
	11,032,174	9,432,298
Agency staff costs	154,049	80,677
Staff restructuring costs	52,006	70,228
	11,238,229	9,583,203

Staff restructuring costs comprise:

	2018	2017
	£	£
Severance payments	52,006	70,228
	52,006	70,228

b. Non-statutory/non-contractual staff severance payments

Included in staff costs are non-statutory severance payments of £52,006 (2017 - £70,228).

Individually, the payments were: £19,920, £10,272, £8,900, £6,654 and £6,260.

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	118	102
Management	18	14
Administration and Support	308	259
	444	375
	444	375

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	103	87
Management	18	14
Administration and Support	235	162
	356	263
	356	263

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	<i>2017</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	3	<i>1</i>
In the band £70,001 - £80,000	3	<i>1</i>
In the band £80,001 - £90,000	1	<i>0</i>
In the band £100,001 - £110,000	2	<i>2</i>
In the band £140,001 - £150,000	0	<i>1</i>
In the band £150,001 - £160,000	1	<i>0</i>

The above employees participated in the Teachers' Pension Scheme.

e. Key management personnel

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 £627,821 (2017 - £636,989).

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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:

	2018	2017
	£	£
Ambergate Sports College	109,537	107,244
The Grantham Sandon School	81,724	81,648
The Isaac Newton Primary School	98,754	98,976
The John Fielding Special School	68,446	60,816
The Priory School	98,741	100,428
The Garth School	70,936	68,280
Woodlands Academy	95,663	91,461
Caythorpe Primary School	23,509	-
Chapel St Leonards Primary School	25,590	-
	<u>672,900</u>	<u>608,853</u>
Total		

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. 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:

		2018	2017
		£'000	£'000
P Bell, CEO	Remuneration	150-155	145-150
	Pension contributions paid	20-25	20-25
D Bland, staff trustee	Remuneration	nil	105-110
	Pension contributions paid	nil	15-20

During the year ended 31 August 2018, expenses totalling £386 (2017 - £141) were reimbursed to 2 Trustees (2017 - 2).

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £
Cost or valuation					
At 1 September 2017	3,380,337	17,426,943	91,837	98,944	112,779
Additions	62,574	2,004,081	49,432	27,000	47,966
Disposals	-	-	(1,291)	-	(1,052)
Transfer from Local Authority on conversion	-	5,925,000	-	-	-
At 31 August 2018	<u>3,442,911</u>	<u>25,356,024</u>	<u>139,978</u>	<u>125,944</u>	<u>159,693</u>
Depreciation					
At 1 September 2017	108,966	393,385	31,774	57,501	66,492
Charge for the year	54,787	353,896	22,675	26,422	31,910
At 31 August 2018	<u>163,753</u>	<u>747,281</u>	<u>54,449</u>	<u>83,923</u>	<u>98,402</u>
Net book value					
At 31 August 2018	<u>3,279,158</u>	<u>24,608,743</u>	<u>85,529</u>	<u>42,021</u>	<u>61,291</u>
At 31 August 2017	<u>3,271,371</u>	<u>17,033,558</u>	<u>60,063</u>	<u>41,443</u>	<u>46,287</u>
					Total
					£
Cost or valuation					
At 1 September 2017					21,110,840
Additions					2,191,053
Disposals					(2,343)
Transfer from Local Authority on conversion					5,925,000
At 31 August 2018					<u>29,224,550</u>
Depreciation					
At 1 September 2017					658,118
Charge for the year					489,690
At 31 August 2018					<u>1,147,808</u>
Net book value					
At 31 August 2018					<u>28,076,742</u>
At 31 August 2017					<u>20,452,722</u>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. TANGIBLE FIXED ASSETS (continued)

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

- Playground and fencing at Isaac Newton Primary School - £53,878;
- New boilers at Isaac Newton Primary School - £8,696;
- Expansion and new 2 storey block at Ambergate Sports College - £1,453,165;
- Electricity upgrade and fire alarm system at Ambergate Sports College - £82,815;
- Internal updates to school at Caythorpe Primary School - £12,755;
- Door replacement at The Garth School - £22,126;
- Heating upgrade at The Garth School - £91,403;
- WOW room and sensory room upgrades at John Fielding School - £31,418;
- Roofing project at The Priory School - £307,236; and
- Other minor upgrades across the trust - £3,163.

14. DEBTORS

	2018	2017
	£	£
Trade debtors	181,957	182,187
Other debtors	133,958	246,949
Prepayments and accrued income	755,729	812,926
	1,071,644	1,242,062

15. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	562,422	623,092
Other taxation and social security	207,566	155,261
Other creditors	201,050	162,260
Accruals and deferred income	485,881	549,104
	1,456,919	1,489,717
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	210,608	68,877
Resources deferred during the year	248,820	210,608
Amounts released from previous years	(210,608)	(68,877)
	248,820	210,608

Deferred income relates to income received to various income streams received in the period which relate to the academic and financial year 2018/19 such as Universal Infant Free School Meals income, and trip income.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	374,317	629,816	(412,672)	-	-	591,461
Restricted funds						
General Annual Grant (GAG)	124,323	7,641,407	(7,411,680)	(182,755)	-	171,295
Other DfE/ESFA Grants	-	1,194,852	(1,194,852)	-	-	-
Local Authority Grants	-	4,111,194	(4,111,194)	-	-	-
Teaching school	9,540	167,839	(153,687)	-	-	23,692
Pension reserve	(6,614,000)	(564,000)	(819,000)	-	1,578,000	(6,419,000)
	<u>(6,480,137)</u>	<u>12,551,292</u>	<u>(13,690,413)</u>	<u>(182,755)</u>	<u>1,578,000</u>	<u>(6,224,013)</u>
Restricted fixed asset funds						
Transfer from former schools on conversion	19,494,630	5,925,000	(486,983)	-	-	24,932,647
Capital expenditure from GAG	148,834	-	-	182,755	-	331,589
Other DfE/ESFA and govt grants	1,040,633	1,627,541	-	-	-	2,668,174
Other activities	127,646	107,803	-	-	-	235,449
	<u>20,811,743</u>	<u>7,660,344</u>	<u>(486,983)</u>	<u>182,755</u>	<u>-</u>	<u>28,167,859</u>
Total restricted funds	<u>14,331,606</u>	<u>20,211,636</u>	<u>(14,177,396)</u>	<u>-</u>	<u>1,578,000</u>	<u>21,943,846</u>
Total of funds	<u>14,705,923</u>	<u>20,841,452</u>	<u>(14,590,068)</u>	<u>-</u>	<u>1,578,000</u>	<u>22,535,307</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 Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

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

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 Academy.

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

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

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

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2018 results in a net surplus of £786,448.

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 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Ambergate Sports College	295,664	332,312
The Grantham Sandon School	290,900	211,582
The Isaac Newton Primary School	83,834	80,614
The John Fielding Special School	60,881	49,107
The Priory School	42,395	(83,647)
The Garth School	60,526	7,168
Woodlands Academy	59,169	(47,470)
Caythorpe Primary School	2,736	-
Chapel St Leonards Primary School	(9,022)	-
Central Services	(100,635)	(41,486)
Total before fixed asset fund and pension reserve	786,448	508,180
Restricted fixed asset fund	28,167,859	20,811,743
Pension reserve	(6,419,000)	(6,614,000)
Total	22,535,307	14,705,923

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

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

Name of academy	Amount of deficit £
Chapel St Leonards Primary School	(9,022)
Central Services	(100,635)

Prior to Chapel St Leonards Primary School converting to CIT, there had been a continuing decline in pupil numbers. This is due to the socio-demographic factors around this location. The Trust have held this school for a small proportion of the financial year not allowing sufficient time for economies of scale or other factors to reduce the deficit existing at the year end.

The Trust has started to operate a pooled budget in accordance with the ESFA and as a result a number of cost headings have been taken centrally. The Trust has also insourced the finance team from an external consultant during the year. These combined factors will start to provide economies of scale for all schools, but will show as a deficit at the centre due to there being no external income stream for central services, which is part of the expectation of a pooled budget.

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

Chapel St Leonards Primary School has had a significant change in staffing across all areas and additional resources into marketing for the school to increase pupil numbers.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018 £	Total 2017 £
Ambergate Sports College	720,683	658,979	30,646	260,756	1,671,064	1,747,332
The Grantham Sandon School	903,479	120,336	24,977	202,488	1,251,280	1,324,622
The Isaac Newton Primary School	1,358,149	129,709	55,276	356,232	1,899,366	1,945,357
The John Fielding Special School	966,380	164,395	27,656	196,087	1,354,518	1,170,751
The Priory School	1,202,629	173,786	54,258	295,029	1,725,702	1,758,086
The Garth School Woodlands Academy	937,301	82,954	25,130	196,977	1,242,362	1,242,037
Caythorpe Primary School	1,098,086	144,876	52,944	579,208	1,875,114	2,010,189
Chapen St Leonards Primary School	311,300	43,482	12,919	79,902	447,603	-
Central Services	326,622	69,132	57,904	78,735	532,393	-
	1,182,897	5,053	82,741	13,992	1,284,683	802,262
	<u>9,007,526</u>	<u>1,592,702</u>	<u>424,451</u>	<u>2,259,406</u>	<u>13,284,085</u>	<u>12,000,636</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	405,292	498,523	(529,498)	-	-	374,317
Restricted funds						
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>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

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>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	28,076,742	28,076,742
Current assets	591,461	1,598,028	144,995	2,334,484
Creditors due within one year	-	(1,403,041)	(53,878)	(1,456,919)
Provisions for liabilities and charges	-	(6,419,000)	-	(6,419,000)
	<u>591,461</u>	<u>(6,224,013)</u>	<u>28,167,859</u>	<u>22,535,307</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	6,251,384	185,694
Adjustment for:		
Depreciation charges	489,690	391,671
Dividends, interest and rents from investments	(913)	(648)
Profit on the sale of fixed assets	(2,707)	-
Decrease/(increase) in debtors	170,418	(727,224)
(Decrease)/increase in creditors	(32,798)	786,491
Capital grants from DfE and other capital income	(1,735,344)	(1,015,644)
Defined benefit pension scheme cost less contributions payable	638,000	476,000
Defined benefit pension scheme finance cost	181,000	173,000
Net (loss)/gain on assets and liabilities from local authority on conversion	(5,474,412)	10,675
Net cash provided by operating activities	484,318	280,015

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,262,840	1,114,856
Total	1,262,840	1,114,856

20. CONVERSION TO AN ACADEMY TRUST

On 1 December 2017 Caythorpe Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Inclusive Trust from Lincolnshire County Council for £nil consideration.

On 1 March 2018 Chapel St Leonards Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Community Inclusive Trust from Lincolnshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	5,925,000	5,925,000
Budget surplus/(deficit) on LA funds	113,412	-	-	113,412
LGPS pension (deficit)	-	(564,000)	-	(564,000)
Net assets/(liabilities)	<u>113,412</u>	<u>(564,000)</u>	<u>5,925,000</u>	<u>5,474,412</u>

21. CONTINGENCIES

The academy had no contingent liabilities at 31 August 2018.

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.

22. 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 £193,668 were payable to the schemes at 31 August 2018 (2017 - £152,389) 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.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. PENSION COMMITMENTS (continued)

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £669,059 (2017 - £591,083).

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).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £1,021,000 (2017 - £823,000), of which employer's contributions totalled £824,000 (2017 - £657,000) and employees' contributions totalled £197,000 (2017 - £166,000). 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:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.80 %	<i>2.50 %</i>
Rate of increase in salaries	2.70 %	<i>2.80 %</i>
Rate of increase for pensions in payment / inflation	2.30 %	<i>2.40 %</i>
Commutation of pensions to lump sums	50.00 %	<i>75.00 %</i>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
Retiring today		
Males	22.1	<i>22.1</i>
Females	24.4	<i>24.4</i>
Retiring in 20 years		
Males	24.1	<i>24.1</i>
Females	26.6	<i>26.6</i>

	At 31 August 2018	<i>At 31 August 2017</i>
Sensitivity analysis	£	<i>£</i>
Discount rate +0.1%	334,000	<i>284,000</i>
Mortality assumption - 1 year increase	455,000	<i>310,000</i>

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

	Fair value at 31 August 2018	<i>Fair value at 31 August 2017</i>
	£	<i>£</i>
Equities	3,953,000	<i>2,907,000</i>
Corporate bonds	812,000	<i>447,000</i>
Property	596,000	<i>335,000</i>
Cash and other liquid assets	54,000	<i>37,000</i>
Total market value of assets	<u>5,415,000</u>	<i><u>3,726,000</u></i>

The actual return on scheme assets was £247,000 (2017 - £117,000).

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

	2018	<i>2017</i>
	£	<i>£</i>
Current service cost	(1,439,000)	<i>(1,133,000)</i>
Past service cost	(23,000)	<i>-</i>
Interest income	111,000	<i>66,000</i>
Interest cost	(292,000)	<i>(239,000)</i>
Total	<u>(1,643,000)</u>	<i><u>(1,306,000)</u></i>
Actual return on scheme assets	<u>247,000</u>	<i><u>117,000</u></i>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	10,340,000	10,760,000
Upon conversion	920,000	-
Current service cost	1,439,000	1,133,000
Interest cost	292,000	239,000
Employee contributions	197,000	166,000
Actuarial gains	(1,331,000)	(1,917,000)
Benefits paid	(46,000)	(41,000)
Past service costs	23,000	-
	<u>11,834,000</u>	<u>10,340,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,726,000	2,761,000
Upon conversion	356,000	-
Interest income	111,000	66,000
Actuarial losses	247,000	117,000
Employer contributions	824,000	657,000
Employee contributions	197,000	166,000
Benefits paid	(46,000)	(41,000)
	<u>5,415,000</u>	<u>3,726,000</u>

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Land and Buildings - Amounts payable:		
Within 1 year	256,858	274,038
Between 1 and 5 years	1,017,057	1,019,807
After more than 5 years	2,286,972	2,541,080
Total	<u>3,560,887</u>	<u>3,834,925</u>
Other - Amounts payable:		
Within 1 year	11,745	21,793
Between 1 and 5 years	11,235	6,178
Total	<u>22,980</u>	<u>27,971</u>

24. 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.

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

R King, a trustee, is also a trustee of Inspire+. The academy has paid £3,075 to Inspire+ during the year in respect of PE services. These transactions have been undertaken at arms length.

No other related party transactions have taken place other than trustee's remuneration in Note 11 to the financial statements.

26. POST BALANCE SHEET EVENTS

On 1 September 2018 Poplar Farm School, a free school, opened and on 1 November 2018, Greenfields Academy (formerly known as The Phoenix Academy Trust) joined the trust.

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £6,457 and disbursed £6,457 from the fund.

28. TEACHING SCHOOL TRADING ACCOUNT

	2018 £	2018 £	2017 £	2017 £
INCOME				
DIRECT INCOME				
Grant income	78,145		50,000	
OTHER INCOME				
Self-generated income	89,694		34,773	
TOTAL INCOME		167,839		84,773
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	97,787		49,287	
Direct depreciation	1,552		1,552	
Other direct costs	51,912		6,573	
TOTAL DIRECT EXPENDITURE	151,251		57,412	
OTHER EXPENDITURE				
Other support costs	2,436		17,821	
TOTAL EXPENDITURE		153,687		75,233
SURPLUS FROM ALL SOURCES		14,152		9,540
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		9,540		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		23,692		9,540