

Company Registration No. 07663935



**Yorkshire Causeway Schools Trust**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended**

**31 August 2016**

# Yorkshire Causeway Schools Trust

## REFERENCE AND ADMINISTRATIVE DETAILS

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Members	Bishop of Ripon the Right Reverend James Bell Mr Richard Noake Director of Education of the Diocesan Board of Education The Reverend Matthew Evans as The Incumbent of Christ Church, High Harrogate Mr David Fisher representing the Parochial Church Council of the Ecclesiastical Parish of St Peter's, High Harrogate Mrs Jane Boyd representing The Parochial Church Council of Christ Church, High Harrogate Reverend Nigel Sinclair as appointee of the Diocesan Board of Education Ms Claire Kelley as the Chair of Yorkshire Causeway Schools Trust Board of Trustees	
Trustees	Ms Claire Kelley (Chair) Mr John Bushell Mr David Fisher Mr John Wood Mr Terence Harrison Mr Philip Titchmarsh Mr Martin Wicks Mr Steven Scarisbrick Mr Seth King Mr Andrew Symonds Dr Jill Adam Ms Alison Glover (appointed 10 October 2016)	
Company Secretary	Mr Christopher Burt	
Senior Management Team	Mr John Wood Mr Christopher Burt Mr Andrew Symonds Mrs Julia Collins Mrs Jane Turner Mrs Elizabeth Robson	Accounting Officer CFO Headteacher Headteacher Headteacher Headteacher
Company Name	Yorkshire Causeway Schools Trust	
Principal and Registered Office	St. Aidan's Church of England High School Oatlands Drive Harrogate, North Yorkshire HG2 8JR	
Company Registration Number	07663935 (England and Wales)	
Independent Auditor	RSM UK Audit LLP 2 Whitehall Quay Leeds, West Yorkshire LS1 4HG	
Bankers	Lloyds Bank PLC 2 Pavement York, North Yorkshire YO1 9LB	
Solicitors	Stone King Solicitors 1 Aire Street Leeds, West Yorkshire LS1 4PR	

# Yorkshire Causeway Schools Trust

## TRUSTEES' REPORT

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Yorkshire Causeway Schools Trust (henceforth known as the "Trust") operates a secondary and four primary academies in Harrogate. The Trust has a combined pupil roll of 3,121 in the school census 6 October 2016.

### Structure, Governance and Management

#### Constitution

The Trust is a company limited by guarantee and an exempt charity. The company was incorporated on 9 June 2011. The charitable company's memorandum and articles of association dated 19 August 2015 are the primary governing documents of the Trust. The trustees of Yorkshire Causeway Schools Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Yorkshire Causeway Schools Trust.

Details of the trustees who served throughout the year, except as noted, are included in the reference and administrative details on page 1.

During the year, three schools have converted to academy status and joined the Trust.

The Trust consists of five academies:

St. Aidan's C of E High School  
Richard Taylor C of E Primary School  
St Peter's C of E Primary School (1st March 2016)  
Pannal Primary School (1st July 2016)  
Oatlands Infant School (1st August 2016)

#### 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' indemnity provisions are detailed in note 11 of the financial statements.

#### Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

#### Method of recruitment and appointment or election of trustees

As clearly set out in the Articles of Association, the members may appoint a minimum of 5 trustees. The members shall ensure that the total number of trustees (including the Executive Principal) who are employees of the Trust does not exceed one third of the total number of trustees.

Trustees are to include the following:

- One trustee to be appointed by The Parochial Church Council of the Ecclesiastical Parish of Saint John and St Luke, Bilton, Harrogate;
- One trustee to be appointed by Richard Taylor's Educational Foundation (charity number 529568);

# Yorkshire Causeway Schools Trust

## TRUSTEES' REPORT

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- The Executive Principal;
- The headteacher of St. Aidan's Church of England High School of Oatlands Drive, Harrogate, North Yorkshire, HG2 8JR (where the same is not also the Executive Principal);
- The headteacher of Richard Taylor Church of England Primary School of Bilton Lane, Harrogate, North Yorkshire, HG1 3DT (where the same is not also the Executive Principal); and
- Parent trustees if appointed under Articles 53-56 in the event that no provision is made for parent representatives on Local Governing Bodies under Article. The Trust may also have any co-opted trustee appointed under Article 58.

With the exception of co-opted and ex-officio trustees, all other trustees are appointed for a four-year period. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

### Policies and procedures adopted for the induction and training of trustees

All trustees are given the opportunity to attend training sessions. Trustees are sharing experience and skills as a group and individually where appropriate.

Each year, all trustees and governors of the local governing bodies (henceforth known as LGBs) attend the annual Trust's training evening, which provides: updates on relevant issues, changes in legislation and the opportunity to network. This year the event was held 30th June 2016. Rob Pritchard was the keynote speaker and he spoke on 'What makes an effective local governing body and how do LGB's work effectively within a Multi Academy Trust (henceforth known as MAT) structure'. The governors shared best practice and explored ways in which individual LGBs can work collaboratively.

### Organisational Structure

The Trust includes St. Aidan's Church of England High School, Richard Taylor Church of England Primary School, St. Peter's Church of England Primary School (converted 1st March 2016), Pannal Primary School (converted 1st July 2016) and Oatlands Infant School (converted 1st August 2016).

The Trust supports its academies through an experienced board of trustees who are responsible for identifying and establishing strategies and policies, and for ensuring that these are implemented throughout the organisation. The board normally meets at least four times a year.

The Trust has an audit committee to support the work of the trustees. The committee meets four times a year and reports to the Trust's board.

There are shared central functions for finance and payroll. All appointments, with the exception of headteachers, are made locally. Admission policies and numbers are set by each LGB under the direction of the board. The Trust is in the process of aligning all statutory policies.

The following decisions are reserved to the board of trustees: to consider any proposals for changes to the status or constitution of the Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Executive Principal and Clerk to the trustees and to approve the annual budget.

The board is responsible for ensuring that the church or community character of schools is upheld and works with the LGB to ensure that this is achieved.

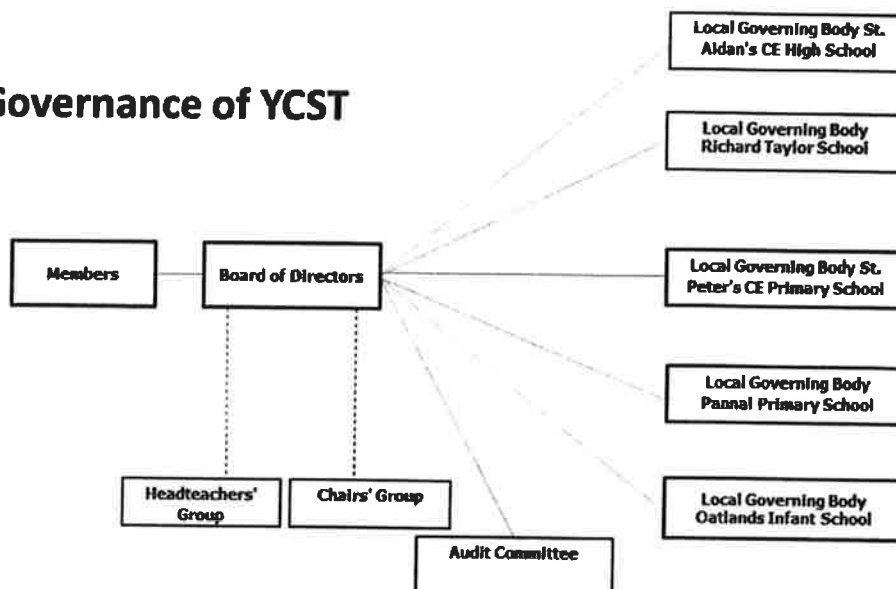
All trustees and governors give their time freely and no remuneration or expenses were paid in the year in respect of the governors' duties.

The Executive Principal is the accounting officer.

## Yorkshire Causeway Schools Trust

### TRUSTEES' REPORT

#### Governance of YCST



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

Arrangements for setting the pay and remuneration of each academy's key management personnel are reviewed annually by the Finance subcommittees and approved by the LGB. The Trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The Trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The Trust adheres to Local Government pay arrangements for support staff and follows the Local Government pay spine.

The Executive Principal's salary is approved by the trustees.

#### Related parties and other connected charities and organisations

There are no related parties which either control or significantly influence the decisions and operations of Yorkshire Causeway Schools Trust.

St. Aidan's, Richard Taylor and St. Peter's are Church of England academies. None of the academies are sponsored.

St. Aidan's Church of England High School operates its Sixth Form in association with St. John Fisher Catholic High School. The St. Aidan's and St John Fisher Associated Sixth Form is a highly integrated collaboration between the two schools that has been in existence since its creation in 1973. The two school sites are close together and teaching is shared between the schools. The governing bodies of the schools appoint governors to attend regular associated governors' meetings and there are weekly meetings of representatives of the senior leadership teams at both schools.

#### Employee consultation/communication

The Trust has a regular system of staff briefings and internal communications via newsletters, emails and focused group meetings.

#### Management

The trustees have considered the major risks to which the Trust is exposed and have reviewed those risks and established systems and procedures to manage those risks.

# Yorkshire Causeway Schools Trust

## TRUSTEES' REPORT

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### Catchment area

The Trust operates five academies including; one Church of England secondary school, two community primary schools and two Church of England primary schools. The primary schools serve the Harrogate district. As academies, the Local Governing Body is the Admissions Authority. Admissions to community schools are managed by the Local Authority and catchment areas are available on the North Yorkshire County Council website. There are no catchment areas for the church schools.

Where more applications for a church school place are received, than places are available, over-subscription criteria applies. Each school's criteria are published on their website. Priority is given in all schools to children in public care (looked after children), and previously looked after children.

### Objectives and Activities

#### Objects and Aims

The Trust has entered into a funding agreement with the Department of Education (henceforth known as DfE), which provides a framework in which the Trust must operate. The principal activity of the Trust is to advance for the public benefit, education in the local area, in particular, but without prejudice to the generality of the foregoing, by establishing, carrying on, managing and developing schools offering a broad and balanced curriculum. For its church academies, the Trust provides education in accordance with the principles and practices of the Church of England.

#### Objectives, Strategies and Activities

The Trust was founded in March 2015 with the aim of bringing together a family of schools that share common values, interests and purpose. Based in and around Harrogate, the Trust aims to be outward looking. It is built on the strength gained from every school in Trust being a valued and significant part of the organisation. The Trust includes both Church of England and community schools and places its pupils at the heart of everything it does.

The Trust's mission statement is:

"Where everyone is valued and respected, where we share commitment to education that is ambitious, setting the highest expectations and where integrity is the foundation."

All Saints CE Primary School, Hampsthwaite CE Primary School and North Rigton CE Primary School have all received academy orders and intend to join the Trust as soon as legal matters relating to land and buildings are resolved.

A group made up of the headteachers from the Trust and the above three schools meet fortnightly to agree strategic direction and provide support. An annual training day took place January 2016 for all Trust staff. The event provided an opportunity for reflection, networking and the setting of a mission statement. Regular curriculum and admin network groups meet throughout the year to share good practice and provide a consistent approach across the Trust.

The Trust's key objectives are:

- to raise the standard of educational achievement of all its students;
- to improve effectiveness by keeping the curriculum and organisational structure under continual review;
- to ensure that every child attending enjoys the same high quality education in terms of resourcing, tuition and care;
- to provide value for money for the funds expended; and
- to support each academy in retaining its unique identity and achieving its mission whilst assuring compliance with the Academies Financial Handbook and statutory and curriculum requirements.

# Yorkshire Causeway Schools Trust

## TRUSTEES' REPORT

### Public Benefit

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

### Strategic Report

#### Achievements and performance

<u>School</u>	<u>Ofsted Outcome</u>	<u>Headline Results for year ending 31<sup>st</sup> August 2016</u>			<u>Pupil No actual/Capacity October 2016</u>	<u>Attendance</u>
St. Aidan's CE High School	Outstanding 2006	GCSE 77% at least 5 A*-C including English and Maths. GCSE and equivalents 85% at least 5 A*-C  St. Aidan's and St John Fisher Associated Sixth Form A Level grades or equivalent attained excluding General Studies 28.2% A*/A 53% A*/A or B 98.9% A*-E			1929/1823	96.04%
Richard Taylor	Good 2012	Foundation Stage GLD  Yr1 Phonics KS1 RWM KS2 RWM	76%  87% 68% (EXS) 65% (EXS)	5% (GDS) 6% (GDS)	278/273	96.2%
St Peter's CE Primary	Good 2015	Foundation Stage GLD  Yr1 Phonics KS1 RWM KS2 RWM	71%  84% 73% (EXS) 59% (EXS)	2% (GDS) 2% (GDS)	280/282	96.55%
Pannal Primary School	Good 2014	Foundation Stage GLD  Yr1 Phonics KS1 RWM KS2 RWM	76%  79% 71% (EXS) 80% (EXS)	23% (GDS) 17% (GDS)	398/420	97.03%
Oatlands Infant School	Outstanding 2013	Foundation Stage GLD  Yr1 Phonics KS1 RWM	82%  69% (EXS) 71% (EXS)	23% (GDS) 23% (GDS)	236/240	97.24%

# Yorkshire Causeway Schools Trust

## TRUSTEES' REPORT

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### Key Performance Indicators

Key Performance Indicators are informed by the Ofsted framework and all schools utilise the same indicators. School to school internal reviews have taken place as well as network groups for early years, SENCOs KS1, KS2, SBMs and teaching assistants.

GAG funding £10,242,369 (2015: £9,273,260)

SEN High Need/Low incidence £406,296 (2015: £404,720)

Staffing costs (excluding catering staff) represented as percentage of GAG funding were 92% (2015: 88%)

### Going Concern

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

### Financial Review

The Trust's income is derived in the main from the Department of Education (DfE) and the Local Authority (LA) in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received from the DfE and the LA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Net movement in funds were £3,018,613 (2015: £2,051,873), with net assets at 31 August 2016 of £20,742,073 (2015: £17,723,460).

Parents of new students at St. Aidan's and Richard Taylor were invited to join the academies' Gift Aid Schemes. The trustees continue to look to the scheme as an additional means of funding for improvement of the school's facilities and ask parents to donate a suggested minimum amount of £72, which can be gift aided where applicable. There is no obligation to join the scheme and all donations are entirely voluntary and confidential. The amount raised through the scheme, including the tax reclaimed on the gift aided donations was £57,726 (2015: £56,218).

### Reserves Policy

The Trust's level of reserves can be expressed as a target figure or a target range or a percentage of total income and are informed by:

- its forecasts for levels of income for the current and future years, taking into account the reliability of each source of income;
- its forecasts for expenditure for the current and future years on the basis of planned activity;
- its analysis of any future needs, opportunities, commitments or risks, where future income alone is unlikely to be able to meet anticipated costs;
- its assessment, on the best evidence reasonably available, of the likelihood of each of those needs, that justify having reserves, arising and the potential consequences for the academy of not being able to meet them.

The Trust believes that the funding received in any one year should be used to support the children on roll at the time, unless there is a specific project which will require the accumulation of funding over more than one year, and/or where there is a need to gradually accumulate reserves as identified through the budget cycle and agreed by the Board of trustees.

The Trust considers it prudent to accumulate a reserve equivalent to one month's salaries and wages plus an appropriate contingency for emergency premises work etc.

This is as follows:-

For St Aidan's this will be at least 8.50% of total revenue income in respect of payroll plus a minimum of £100,000 for other contingencies.



## Yorkshire Causeway Schools Trust

### TRUSTEES' REPORT

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For Primary Schools this will be at least 8.50% of total revenue income in respect of payroll plus a minimum of £10,000 for other contingencies.

The unrestricted reserves of £4,710,141 (2015: £2,271,417) are freely available for general purposes. These will be allocated in line with the strategic objectives of the Trust.

The restricted funds of £16,031,932 (2015: £15,452,043) include the year end pension liability of £7,667,000 (2015: £2,764,000) and restricted fixed asset funds of £23,064,685 (2015: £15,961,543). It is the opinion of the trustees that the pension liability will not fall due for payment in the foreseeable future.

Whilst the Trust holds reserves of £20,742,073 (2015: £17,723,460) an income stream will continue to be required in order, to enable the Trust to function.

#### Investment Policy

The Trust manages its cash by reviewing the short and medium term requirements for funds. Surplus funds are invested in very low risk short and long term deposit accounts with its main bankers (Lloyds Bank PLC), giving an acceptable rate of return, while exposing the Trust to minimal risk for the period of time the funds are to be invested.

The Trust does not have an Endowment Fund.

#### Principal risks and uncertainties

The main risks to the Trust can be summarised as follows:

**Financial** – The Trust has considerable reliance on continued Government Funding through the EFA. Changes in Government legislation, particularly with regard to ESG and introduction of the now delayed national funding rates means that there is no guarantee that public funding will continue at the same levels or terms.

**Numbers on Roll** - Potential falling pupil roll, particularly in the Sixth Form at St. Aidan's. The school is constantly monitoring the decisions from the DfE with regard to the future of Sixth Form funding, which now decreases per student head, year on year. The fall in funding could impact on the future level of reserves being carried forward.

The opinion of the Trust is that the above constitutes medium risk and a level of reserves is maintained given the uncertain level of future Government funding

Other risks are:

**Safeguarding and child protection** – 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, health and safety, and discipline.

**Reputational** – the continuing success of the Trust is dependent on maintaining not only excellent pastoral support, but also highly regarded educational standards. To mitigate this risk, Trustees ensure that assessment data is closely monitored and reviewed.

**Staffing** – the success of the Trust is reliant upon the quality of its staff. The Trustees ensure staff have access to continued professional development through the Teaching School, network groups and other training opportunities.

The Trustees examine the financial health of the Trust formally throughout the year. They review performance against budgets and overall expenditure through the management accounts and reports from the Audit Committee. Cash flow forecasts are regularly reviewed to ensure sufficient funds are held to cover a contingency and all known and anticipated commitments.

## Yorkshire Causeway Schools Trust

### TRUSTEES' REPORT

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The Trustees have assessed the major risks to which the Trust is exposed, in particular relating to its finances, teaching, facilities and other operational areas. Internal controls are in place to minimise these risks and where significant financial risk still remains, the Trustees have purchased adequate insurance cover from Zurich Municipal.

The Board recognises that the defined benefit pension scheme (Local Government Pension Scheme), which is set out in Note 22 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

#### Plans for future periods

The over-arching priority for the Trust in terms of future progress is to keep the education of its pupils and their well-being as its primary function. The Trust aims to raise achievement in all of the key stages of education delivered and to provide a model of leadership excellence.

The Trust plans to expand in the forthcoming year to include the three primary schools who have received academy orders.

For non-sponsored academies, the trustees have agreed to build up to eight or nine schools, including those currently connected to the Trust. Schools in the Trust should be in the same geographical area and the number limited in order to contain the work of the Trust. This aims to give time to embed the processes and ways of working, as well as looking for continuous improvement for all schools in the Trust.

The Trust continues to be particularly sensitive to meeting the needs of sub-groups of students in need of additional learning support, including; children with Education and Health Care Plans, looked after children, children being supported by social services, children from low income families and the most able pupils.

The Trust continues to provide bursaries from the pupil support fund, Richard Taylor Educational Trust and other sources to ensure that no student is disadvantaged by family circumstances from participation in school trips.

#### Funds held as Custodian Trustee on behalf of others

No funds are being held as Custodian Trustee on behalf of others.

#### Disabled persons

The Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the Trust. During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

## Yorkshire Causeway Schools Trust

### TRUSTEES' REPORT

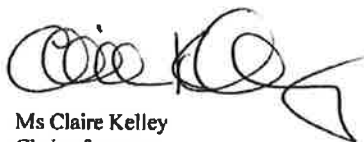
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#### Auditor

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

RSM UK Audit LLP has indicated its willingness to continue in office.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees as the company trustees, on 5 December 2016 and signed on the board's behalf by:



Ms Claire Kelley  
Chair of trustees

## Yorkshire Causeway Schools Trust

### GOVERNANCE STATEMENT

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#### Scope of responsibility

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

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

#### Governance

The Board of trustees has formally met four times in the period. Attendance during the period at meetings is as follows:

Governor	Meetings attended	Out of a possible
Ms Claire Kelley (Chair)	4	4
Mr John Bushell	4	4
Mr David Fisher *	2	4
Mr John Wood *	4	4
Mr Terence Harrison	3	4
Mr Philip Titchmarsh	3	4
Mr Martin Wicks	4	4
Mr Steven Scarisbrick	3	4
Mr Seth King	4	4
Mr Andrew Symonds	3	4
Dr Jill Adam	2	4
Also attended:		
Mr Christopher Burt	4	4
Mrs Julia Collins	1	1
Mrs Louise Newport	1	1
Mr Richard Noake	1	1

\* Denotes member of the audit committee

#### Governance reviews

The audit committee is a sub-committee of the Board of trustees and consists of governors from the LGBs. The Chief Financial Officer and Finance Manager also attend the meetings. Its main purpose is to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds. Its purpose is also to review the effectiveness of the Trust's internal control system to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally sensitive manner.

## Yorkshire Causeway Schools Trust

### GOVERNANCE STATEMENT

Audit committee meetings	Meetings attended	Out of a possible
Mr John Bushell (Chair)	2	4
Mr David Fisher *	2	4
Mr Jonathan Birch	3	4
Mr John Wood *	4	4
Mr John Garnett	2	4
Mrs Sarah Bonson	3	4
Peter Marston	4	4
Also attended		
Mr Christopher Burt	4	4
Mrs Clare Dowson	4	4

#### Review of Value for Money

As Accounting Officer the chief executive 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 available. The accounting officer for the Trust has delivered improved value for money during the year by:

- Reduced total costs per head
- Optimised income generation
- Increased income through lettings to outside organisations

#### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2016 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

# Yorkshire Causeway Schools Trust

## GOVERNANCE STATEMENT

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### 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 governing body;
- regular reviews by the FGP and audit committees 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 guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and Veritau Ltd provides an internal audit service managed by Ian Morton. The role of internal audit includes giving advice on financial matters and performing a range of checks on the Trust's financial systems on a regular basis. The internal audit report informs the trustees on the operation and effectiveness of the systems of internal control.

### Review of Effectiveness


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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the senior leaders within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implication of the result of their review of the system of internal control and a plan to address weaknesses should any arise and ensure continuous improvement of the system is in place.

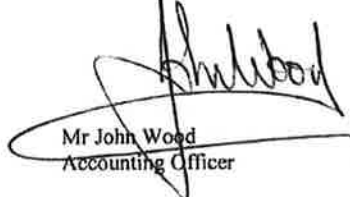
Approved by order of the Board of Trustees on 5 December 2016 and signed on its behalf by:

Signed



Ms Claire Kelley  
Chair of Trustees

Signed



Mr John Wood  
Accounting Officer

## Yorkshire Causeway Schools Trust

### STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE


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

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

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

Signed



Mr John Wood  
Accounting Officer

Date: 5 December 2016

## Yorkshire Causeway Schools Trust

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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The Trustees (who are responsible for the charitable activities of Yorkshire Causeway Schools Trust and are the Trustees of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

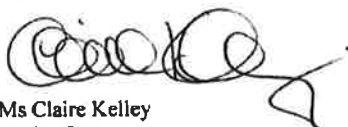
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the Board of Trustees on 5 December 2016 and signed on its behalf by:

Signed



Ms Claire Kelley  
Chair of Trustees



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKSHIRE CAUSEWAY SCHOOLS TRUST FOR THE YEAR ENDING ON 31 AUGUST 2016**

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We have audited the financial statements of Yorkshire Causeway Schools Trust for the year ended 31 August 2016 on pages 18 to 42. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who act as directors for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKSHIRE  
CAUSEWAY SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

*RSM UK Audit LLP*

VICTORIA CRAVEN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
West Yorkshire  
LS1 4HG

Date: *14/12/16*

# Yorkshire Causeway Schools Trust

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 August 2016

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	25,286	66,116	106,264	197,666	120,071
Donations - transfer from local authority on conversion	26	413,294	-	7,720,242	8,133,536	2,411,004
Charitable activities:						
Trust's educational operations	3	1,631,906	11,107,001	-	12,738,907	11,533,421
Other trading activities	4	320,245	-	-	320,245	354,588
Investment income	5	12,476	-	-	12,476	23,125
<b>Total</b>		<b>2,403,207</b>	<b>11,173,117</b>	<b>7,826,506</b>	<b>21,402,830</b>	<b>14,442,209</b>
<b>EXPENDITURE ON:</b>						
Charitable activities:						
Trust's educational operations	7	-	(12,872,906)	(828,828)	(13,701,734)	(11,982,290)
Other resources expended - transfer from local authority on conversion	26	-	(1,223,000)	-	(1,223,000)	(372,689)
<b>Total</b>		<b>-</b>	<b>(14,095,906)</b>	<b>(828,828)</b>	<b>(14,924,734)</b>	<b>(12,354,979)</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>2,403,207</b>	<b>(2,922,789)</b>	<b>6,997,678</b>	<b>6,478,096</b>	<b>2,087,230</b>
Gross transfers between funds		-	(105,464)	105,464	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>2,403,207</b>	<b>(3,028,253)</b>	<b>7,103,142</b>	<b>6,478,096</b>	<b>2,087,230</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial (losses)/gains on defined benefit schemes	22	-	(3,495,000)	-	(3,495,000)	(55,000)
Gains on investments	13	35,517	-	-	35,517	19,643
<b>NET MOVEMENT IN FUNDS</b>		<b>2,438,724</b>	<b>(6,523,253)</b>	<b>7,103,142</b>	<b>3,018,613</b>	<b>2,051,873</b>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>2,271,417</b>	<b>(509,500)</b>	<b>15,961,543</b>	<b>17,723,460</b>	<b>15,671,587</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	17	<b>4,710,141</b>	<b>(7,032,753)</b>	<b>23,064,685</b>	<b>20,742,073</b>	<b>17,723,460</b>

All of the Trust's activities derive from continuing operations and the acquisition of St. Peter's Church of England Primary School, Pannal Primary School and Oatlands Infant School during the current period.

# Yorkshire Causeway Schools Trust

## BALANCE SHEET

31 August 2016

Company Registration No: 07663935

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	12	23,064,685	15,961,543
Investments	13	1	1
		<u>23,064,686</u>	<u>15,961,544</u>
<b>CURRENT ASSETS</b>			
Debtors	14	665,393	258,432
Investments	13	4,880,000	4,519,643
Cash at bank and in hand		1,106,890	648,080
		<u>6,652,283</u>	<u>5,426,155</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(1,307,896)</u>	<u>(900,239)</u>
<b>NET CURRENT ASSETS</b>		<u>5,344,387</u>	<u>4,525,916</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>28,409,073</u>	<u>20,487,460</u>
Pension scheme liability	22	<u>(7,667,000)</u>	<u>(2,764,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>20,742,073</u>	<u>17,723,460</u>
<b>FUNDS OF THE TRUST:</b>			
<b>RESTRICTED FUNDS</b>			
Fixed asset fund	17	23,064,685	15,961,543
General fund	17	634,247	2,254,500
<b>RESTRICTED FUNDS EXCLUDING PENSION RESERVE</b>		<u>23,698,932</u>	<u>18,216,043</u>
Pension reserve	17	<u>(7,667,000)</u>	<u>(2,764,000)</u>
<b>TOTAL RESTRICTED FUNDS</b>		<u>16,031,932</u>	<u>15,452,043</u>
<b>UNRESTRICTED INCOME FUNDS</b>			
General fund	17	<u>4,710,141</u>	<u>2,271,417</u>
<b>TOTAL UNRESTRICTED FUNDS</b>		<u>4,710,141</u>	<u>2,271,417</u>
<b>TOTAL FUNDS</b>		<u>20,742,073</u>	<u>17,723,460</u>

The financial statements on pages 18 to 42 were approved by the Trustees and authorised for issue on 5 December 2016, and are signed on their behalf by:



Ms Claire Kelley  
Chair of Trustees

# Yorkshire Causeway Schools Trust

## STATEMENT OF CASH FLOWS

For the year ended 31 August 2016

	Notes	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by operating activities	20	463,344	721,020
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received		12,476	23,125
Capital grants from DfE/EFA		106,264	48,793
(Increase)/decrease of current asset investments		(324,840)	271,302
Purchase of tangible fixed assets		(211,728)	(825,557)
Transfer of cash on conversion		413,294	73,316
		<hr/>	<hr/>
Net cash used in investing activities		(4,534)	(409,021)
		<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		458,810	311,999
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year		648,080	336,081
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	20	1,106,890	648,080
		<hr/>	<hr/>

# Yorkshire Causeway Schools Trust

## ACCOUNTING POLICIES

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### General information

Yorkshire Causeway Schools Trust is a charitable company. The address of the Trust's principal place of business is given on page 1. The nature of the Trust's operations is set out in the Trustees' Report.

### Basis of Preparation

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

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

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the trust has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

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

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

### Consolidation

The Trustees consider that the results of its subsidiary undertaking St. Aidan's Education Services Limited are not material to the group. As a consequence, they have considered paragraph 24.12 of the SORP and taken advantage of the exemption provided by Section 405 of the Companies Act 2006 and have not prepared consolidated financial statements. The financial statements present the results of the parent charitable company only and do not show the results of the group. Details of the subsidiary are shown in note 13 to the financial statements.

### Going Concern

The financial statements have been prepared on a going concern basis. Having carried out a detailed review of the Trust's resources and the challenges presented by the current economic climate, the Trustees are confident that the Trust has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

### Income

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

# Yorkshire Causeway Schools Trust

## ACCOUNTING POLICIES

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### Grants

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

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

Capital grants are recognised when there is entitlement, when performance-related conditions have been met, 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

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

### Other Income

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

### Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### Resources Expended

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

- **Expenditure on Raising Funds**  
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable Activities**  
These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

# Yorkshire Causeway Schools Trust

## ACCOUNTING POLICIES

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### Fund Accounting

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

Restricted Fixed Asset funds are resources which are to be applied to specific capital purposes imposed by the DfE and other funders, where the asset acquired or created is held for a specific purpose.

Restricted General funds comprise all other restricted funds received and include grants from the EFA/DfE.

### Tangible Fixed Assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs or repairs and maintenance are charged to the statement of financial activities as incurred.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold land	Over 125 year lease
Leasehold and other buildings	Over 25 years expected useful life
Leasehold improvements	Over 25 years expected useful life
Fixtures, fittings and equipment	25% straight line basis
ICT equipment	25% straight line basis
Motor vehicles	25% straight line basis

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

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

### Liabilities

Liabilities are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

### Provisions

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

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



## Yorkshire Causeway Schools Trust

### ACCOUNTING POLICIES

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#### Agency Arrangements

The Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. An allowance of 5% as a contribution to administration costs is however recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

#### Leased Assets

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

#### Financial Instruments

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

##### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Taxation

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

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

# Yorkshire Causeway Schools Trust

## ACCOUNTING POLICIES

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### Pensions Benefits

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

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

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

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

### Conversion to Trust

The transfer of three schools into the Trust, involved the transfer of identifiable assets and liabilities and the operations of the schools for £nil consideration. This has been accounted for under the acquisition accounting method. The substance of the transfer is that of a gift and it has been accounted for on the basis as set out below.

The assets and liabilities transferred on conversion from the maintained schools, St Peter's Church of England Primary School, Pannal Primary School and Oatlands Infant School to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent terms. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations transfer from local authority on conversion and Charitable activities transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 26.

### Investments

The Trust's shareholding in the wholly owned subsidiary St. Aidan's Education Services Limited, is included in the balance sheet at the cost of the share capital owned.

### Current Asset Investments

The Trust places cash in short-term low risk deposit accounts in order to generate a return on assets held, they are included in the balance sheet at the valuation at the year end date.

### Unrealised gains

Unrealised gains are calculated by determining the accrued interest receivable at the balance sheet date.

# Yorkshire Causeway Schools Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENTS

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

#### Critical accounting estimates and assumptions

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

The present value of the 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment.

#### Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 22 for the disclosures relating to the defined benefit pension scheme.

### 2 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
DfE/EFA capital grant for building	-	-	65,037	65,037	48,793
Other donations	25,286	66,116	41,227	132,629	71,278
	<u>25,286</u>	<u>66,116</u>	<u>106,264</u>	<u>197,666</u>	<u>120,071</u>

The income from donations and capital grants in 2015 was £120,071 of which £71,278 was unrestricted and £48,793 was restricted fixed asset funds.

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

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

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA REVENUE GRANTS</b>				
General annual grant (GAG)	-	10,242,369	10,242,369	9,273,260
Start-up grants	-	-	-	110,000
Other DfE/EFA grants	-	445,397	445,397	233,854
	<u>-</u>	<u>10,687,766</u>	<u>10,687,766</u>	<u>9,617,114</u>
<b>OTHER GOVERNMENT GRANTS</b>				
Local authority grants	-	8,081	8,081	15,601
Special educational projects	-	406,296	406,296	404,720
Other government grants	-	4,858	4,858	-
	<u>-</u>	<u>419,235</u>	<u>419,235</u>	<u>420,321</u>
<b>OTHER OPERATIONAL INCOME</b>				
Trip income	711,201	-	711,201	603,184
Catering income	920,705	-	920,705	892,802
	<u>1,631,906</u>	<u>11,107,001</u>	<u>12,738,907</u>	<u>11,533,421</u>

The income from educational operations in 2015 was £11,533,421 of which £1,495,986 was unrestricted and £10,037,435 was restricted general funds.

**4 OTHER TRADING ACTIVITIES**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Department income	47,504	-	47,504	47,513
Income from lettings	45,505	-	45,505	29,153
ITT income	40,034	-	40,034	35,950
School fund income	68,637	-	68,637	52,901
Ticket sales re productions	26,212	-	26,212	17,703
Other income	49,176	-	49,176	38,596
Exam income	3,410	-	3,410	42,553
Security cards	3,263	-	3,263	3,192
Recharges to St. John Fisher re sixth form	13,440	-	13,440	77,941
Other finance income	23,064	-	23,064	9,086
	<u>320,245</u>	<u>-</u>	<u>320,245</u>	<u>354,588</u>

Other trading activities income in 2015 was £354,588 of which £111,144 was unrestricted and £243,444 was restricted general funds.

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**5 INVESTMENT INCOME**

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Bank interest received	12,476	-	12,476	23,125
	<u>12,476</u>	<u>-</u>	<u>12,476</u>	<u>23,125</u>

Investment income in 2015 was £23,125 of which all was unrestricted.

**6 EXPENDITURE**

	Staff Costs £	Non pay expenditure Premises £	Other Costs £	Total 2016 £	Total 2015 £
Trust's educational operations:					
Direct costs	8,331,927	-	1,297,800	9,629,727	8,520,552
Allocated support costs	1,133,845	1,375,808	1,562,354	4,072,007	3,461,738
	<u>9,465,772</u>	<u>1,375,808</u>	<u>2,860,154</u>	<u>13,701,734</u>	<u>11,982,290</u>
Expenditure transfer from local authority on conversion	-	-	-	1,223,000	374,689
	<u>9,465,772</u>	<u>1,375,808</u>	<u>2,860,154</u>	<u>14,924,734</u>	<u>12,356,979</u>

Net incoming resources for the year include:

	Total 2016 £	Total 2015 £
Operating lease rentals	25,431	23,563
Depreciation	828,828	728,953
Net interest on defined benefit pension scheme	(184,000)	(154,000)
Fees payable to RSM UK Audit LLP and its associates for:		
Audit	15,250	11,050
Other services	8,750	5,975

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**7 CHARITABLE ACTIVITIES**

	Total 2016 £	Total 2015 £
Direct costs – educational operations	9,629,727	8,520,552
Support costs – educational operations	4,072,007	3,461,738
	<u>13,701,734</u>	<u>11,982,290</u>
<b>Analysis of support costs</b>		
	Total 2016 £	Total 2015 £
Support staff costs	1,133,845	827,013
Depreciation	828,828	728,953
Recruitment and support	13,785	21,246
Technology costs	99,233	79,846
Maintenance of premises and equipment	213,241	187,924
Cleaning	46,402	21,542
Rent and rates	78,384	77,605
Energy costs	150,317	144,932
Insurance	105,185	95,525
Security and transport	33,349	30,993
Bank charges	153	118
Catering supplies	988,223	903,448
Other support costs	198,382	184,987
Pension finance cost	110,000	89,000
Governance costs	72,680	68,606
	<u>4,072,007</u>	<u>3,461,738</u>

Expenditure on charitable activities during the year was £13,701,734 (2015: £11,982,290) of which £nil (2015: £10,043) was unrestricted, £828,828 (2015: £728,953) was restricted fixed asset funds and £12,872,906 (2015: £11,243,294) was restricted general funds.

**8 STAFF NUMBERS AND COSTS**

**Staff costs**

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	7,362,398	6,899,396
Social security costs	570,054	458,539
Pension costs	1,383,860	1,131,164
	<u>9,316,312</u>	<u>8,489,099</u>
Supply staff costs	149,460	100,733
	<u>9,465,772</u>	<u>8,589,832</u>

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

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**8 STAFF NUMBERS AND COSTS (continued)**

**Staff numbers**

The average number of persons (including senior management team) employed by the Trust during the year expressed as full time equivalents was as follows:

	2016 No	2015 No
Teachers	149	110
Administration and support	143	119
Management	18	12
	<u>310</u>	<u>241</u>

**Higher paid staff**

The number of employees whose annual emoluments fell within the following bands was:

	2016 No	2015 No
£60,001 - £70,000	6	3
£70,001 - £80,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u>8</u>	<u>5</u>

All eight of the above employees participate in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £69,951 (2015: £52,519).

**Key Management Personnel Compensation**

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions, but including employer national insurance) received by key management personnel for their services to the Trust was £364,260 (2015: £249,441).

**9 CENTRAL SERVICES**

The Trust has not charged for any central services to its academies during the year.

# **Yorkshire Causeway Schools Trust** **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 August 2016**

## **10 GOVERNORS' REMUNERATION AND EXPENSES**

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff and not in respect of their services as governors. Other trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees. The value of trustees' remuneration during the year ended 31 August 2016 was as follows:

Mr J Wood, a Headteacher, received remuneration of £100,548 (2015: £99,552), and pension contributions paid by the Trust in the year of £16,570 (2015: £14,037).

Mr A Symonds, a Headteacher, received remuneration of £66,784 (2015: £32,756), and pension contributions paid by the Trust in the year of £11,006 (2015: £4,619).

Related party transactions involving the trustees are set out in note 23.

During the year ended 31 August 2016, expenses totalling £nil (2015: £nil) were reimbursed to governors and trustees.

## **11 TRUSTEES' AND OFFICERS' INDEMNITY INSURANCE**

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligence acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,203 (2015: £2,464). The cost of this insurance is included in the total insurance cost.

## **12 TANGIBLE FIXED ASSETS**

	Leasehold and other land and buildings £	Leasehold improvements £	Fixtures fittings and equipment £	Motor vehicles £	ICT equipment £	Assets under construction £	Total £
<b>Cost</b>							
1 September 2015	15,643,854	1,598,037	306,366	36,230	506,388	416,178	18,507,053
Additions	-	108,061	60,065	-	43,602	-	211,728
Transfer on conversion	7,720,242	-	-	-	-	-	7,720,242
Transfers	-	389,081	27,097	-	-	(416,178)	-
<b>31 August 2016</b>	<b>23,364,096</b>	<b>2,095,179</b>	<b>393,528</b>	<b>36,230</b>	<b>549,990</b>	<b>-</b>	<b>26,439,023</b>
<b>Depreciation</b>							
1 September 2015	1,966,110	129,255	111,368	36,230	302,547	-	2,545,510
Charged in the year	598,926	83,808	48,723	-	97,371	-	828,828
<b>31 August 2016</b>	<b>2,565,036</b>	<b>213,063</b>	<b>160,091</b>	<b>36,230</b>	<b>399,918</b>	<b>-</b>	<b>3,374,338</b>
<b>Net book value</b>							
<b>31 August 2016</b>	<b>20,799,060</b>	<b>1,882,116</b>	<b>233,437</b>	<b>-</b>	<b>150,072</b>	<b>-</b>	<b>23,064,685</b>
<b>Net book value</b>							
<b>31 August 2015</b>	<b>13,677,744</b>	<b>1,468,782</b>	<b>194,998</b>	<b>-</b>	<b>203,841</b>	<b>416,178</b>	<b>15,961,543</b>



# **Yorkshire Causeway Schools Trust** **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 August 2016**

## **12 TANGIBLE FIXED ASSETS (continued)**

Where the land and buildings at St. Aidan's Church of England High School and St. Peter's Church of England Primary School are operated from is owned by the Diocesan Board of Finance, Diocese of Leeds, the occupancy is made available to use under the terms of supplemental agreements. This makes the land available under a perpetual licence of £nil cost, which can be terminated upon the provision of two years notice. Where the land and buildings at Richard Taylor School are owned by the Richard Taylor Educational Foundation, the occupancy is made available to use under the terms of a supplemental agreement. This makes the land available under a perpetual licence of £nil cost, which can be terminated upon the provision of two years notice. The substance of these arrangements is such that Yorkshire Causeway Schools Trust is able to obtain future economic benefit from use of the assets. The land and buildings are therefore recognised in the balance sheet at fair value at the time of conversion and depreciated over their useful lives.

In addition the Trust's transactions relating to land and buildings include the taking up of a leasehold on the land and buildings at Pannal Primary School and Oatlands Infant School over a term of 125 years at a peppercorn rent.

## **13 INVESTMENTS**

	2016 £	2015 £
Investment in subsidiary undertaking	1	1
	<u>1</u>	<u>1</u>

The investment represents a 100% holding in the issued share capital of St. Aidan's Education Services Limited, a company registered in England and Wales. The principal activity is the provision of educational support services. The capital and reserves of St. Aidan's Education Services Limited at 31 August 2016 amounted to £458 (2015: £458). St. Aidan's Education Services Limited gift aids all profits to the Trust. For the year ended 31 August 2016 the entity made a profit amounting to £nil (2015: £25). During the year the company has become dormant and will not be trading for the foreseeable future.

### Current Assets Investments

Included in current asset investments is £4,880,000 (2015: £4,519,643) relating to short term deposits. During the year there were unrealised gains of £35,517 (2015: £19,643).

## **14 DEBTORS**

	2016 £	2015 £
Trade debtors	39,794	10,931
VAT recoverable	45,159	15,122
Amounts due from group undertakings	-	1,750
Prepayments and accrued income	576,572	203,479
Other debtors	3,868	27,150
	<u>665,393</u>	<u>258,432</u>

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15 CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	571,565	215,244
Other taxation and social security costs	203,534	139,514
Other creditors	311,633	324,315
Accruals and deferred income	221,164	221,166
	<u>1,307,896</u>	<u>900,239</u>
Deferred income at brought forward	59,055	27,794
Resources deferred in the year	113,651	59,055
Released in the year	(59,055)	(27,794)
Deferred income at carried forward	<u>113,651</u>	<u>59,055</u>

Deferred income is in respect of rates relief of £28,999 (2015: 28,974), universal free school meals funding of £27,786 (2015: £30,081), GAG remit of £1,638 (2015: £nil) and amounts relating to academy trips of £55,228 (2015: £nil).

**16 FINANCIAL INSTRUMENTS**

The Trust has the following financial instruments:

	2016 £	2015 £
<i>Financial assets</i>		
Debt instruments measured at amortised cost	<u>361,212</u>	<u>60,258</u>
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	<u>990,713</u>	<u>377,355</u>

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

17 FUNDS	At 1 September 2015 <i>as restated</i> £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	At 31 August 2016 £
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	2,144,500	10,242,369	(11,647,159)	(105,464)	634,247
Pension reserve	(2,764,000)	-	(1,408,000)	(3,495,000)	(7,667,000)
Start-up grant	110,000	-	(110,000)	-	-
Other DfE/EFA grants	-	445,397	(445,397)	-	-
Local Authority grants	-	419,235	(419,235)	-	-
Other income	-	66,116	(66,116)	-	-
	<u>(509,500)</u>	<u>11,173,117</u>	<u>(14,095,907)</u>	<u>(3,600,464)</u>	<u>(7,032,753)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
DfE/EFA capital grants	482,425	65,037	(5,887)	-	541,575
Other capital grants	87,740	41,227	(12,020)	-	116,947
Capital expenditure from GAG	1,937,723	-	(211,995)	105,464	1,831,192
Transfer of assets on conversion	13,453,655	7,720,242	(598,926)	-	20,574,971
	<u>15,961,543</u>	<u>7,826,506</u>	<u>(828,828)</u>	<u>105,464</u>	<u>23,064,685</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>15,452,043</u>	<u>18,999,623</u>	<u>(14,924,734)</u>	<u>(3,495,000)</u>	<u>16,031,932</u>
<b>UNRESTRICTED FUNDS</b>					
Unrestricted funds	<u>2,271,417</u>	<u>2,403,207</u>	<u>-</u>	<u>35,517</u>	<u>4,710,141</u>
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>2,271,417</u>	<u>2,403,207</u>	<u>-</u>	<u>35,517</u>	<u>4,710,141</u>
<b>TOTAL FUNDS</b>	<u>17,723,460</u>	<u>21,402,830</u>	<u>(14,924,734)</u>	<u>(3,459,483)</u>	<u>20,742,073</u>

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

Restricted General funds have been spent in line with the terms of the Master Funding Agreement.

Restricted Fixed Asset funds are used solely for capital purchases in line with the strategic objectives of Yorkshire Causeway Schools Trust.

A total of £105,464 (2015: £547,456) has been transferred from restricted funds to restricted fixed asset funds for the purchase of fixed asset additions.

The restricted pension fund is in deficit to the value of £7,667,000 as at 31 August 2016 (2015: £2,764,000), which is in excess of the unrestricted funds. The trustees will continue to monitor this situation closely.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2016.

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**17 FUNDS (continued)**

ANALYSIS OF ACADEMIES BY FUND BALANCE	2016	2015
	£	as restated £
Fund balances at 31 August 2016 were allocated as follows:		
St. Aidan's Church of England High School	4,661,327	4,367,427
Richard Taylor Church of England Primary School	239,323	158,490
St. Peter's Church of England Primary School	155,959	-
Pannal Primary School	155,936	-
Oatlands Infant School	131,843	-
	<u>5,344,388</u>	<u>4,525,917</u>
Restricted Fixed Asset Fund	23,064,685	15,961,543
Pension Reserve	(7,667,000)	(2,764,000)
	<u>20,742,073</u>	<u>17,723,460</u>

**TOTAL COST ANALYSIS BY ACADEMY**

	Teaching and Education Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2016 £	Total 2015 £
St. Aidan's Church of England High School	6,945,449	844,767	154,941	2,805,991	10,751,148	10,712,661
Richard Taylor Church of England Primary School	774,250	144,697	12,056	272,331	1,203,334	540,676
St. Peter's Church of England Primary School	379,610	56,543	11,165	135,790	583,108	-
Pannal Primary School	177,413	11,638	6,834	51,404	247,289	-
Oatlands Infant School	55,205	3,609	202	29,011	88,027	-
	<u>8,331,927</u>	<u>1,061,254</u>	<u>185,198</u>	<u>3,294,527</u>	<u>12,872,906</u>	<u>11,253,337</u>

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015 <i>as restated</i>
	£	£	£	£	£
Tangible fixed assets	-	-	23,064,685	23,064,685	15,961,543
Investments	-	1	-	1	1
Current assets	4,710,141	1,942,142	-	6,652,283	5,426,155
Current liabilities	-	(1,307,896)	-	(1,307,896)	(900,239)
Pension scheme liability	-	(7,667,000)	-	(7,667,000)	(2,764,000)
	<u>4,710,141</u>	<u>(7,032,753)</u>	<u>23,064,685</u>	<u>20,742,073</u>	<u>17,723,460</u>

**19 FINANCIAL COMMITMENTS**

**OPERATING LEASES**

At 31 August the Trust had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Other:		
Expiring within one year	32,700	21,347
Expiring within two and five years inclusive	92,050	-
	<u>124,750</u>	<u>21,347</u>

**20 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income for the reporting period	6,478,096	2,085,230
Net gain/(loss) on transfer on conversion of schools joining (Note 26)	(8,133,536)	(2,374,316)
Depreciation (Note 12)	828,828	728,953
Investment income	(12,476)	(23,125)
Capital grants from DfE and other capital income	(106,264)	(48,793)
Defined benefit pension scheme obligation inherited (Note 26)	1,223,000	338,000
Defined benefit pension scheme cost less contributions payable (Note 22)	75,000	57,000
Defined benefit pension scheme finance cost (Note 22)	110,000	89,000
	<u>462,648</u>	<u>851,949</u>
(Increase)/decrease in debtors	(406,961)	29,861
Increase/(decrease) in creditors	407,657	(160,790)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>463,344</u></u>	<u><u>721,020</u></u>
<b>Cash and cash equivalents represent:</b>		
Cash in hand and at bank	<u><u>1,106,890</u></u>	<u><u>648,080</u></u>

# Yorkshire Causeway Schools Trust

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

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### 21 MEMBERS' LIABILITY

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

### 22 PENSION AND SIMILAR OBLIGATIONS

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

As described in note 26, the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion in from the maintained schools and new employees who were eligible to and did join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Contributions amounting to £142,562 (2015: £100,333) were payable to the Teachers' Pension Scheme at 31 August 2016 and are included within creditors.

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. 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.

#### Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits of £191,500 million, and notional assets (estimated future contributions together with the proceeds for 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 2.0% 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%.

# **Yorkshire Causeway Schools Trust** **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 August 2016**

## **22 PENSION AND SIMILAR OBLIGATIONS (continued)**

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £897,860 (2015: £678,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £536,000 (2015: £446,000) of which employer's contributions totalled £411,000 (2015: £341,000) and employees' contribution totalled £125,000 (2015: £105,000). The agreed rates for future years are 12.8% for employers and 5.5% to 12.5% 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.

### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

	2016	2015
Rate of increase in salaries	3.50%	3.50%
Rate of increase for pensions in payment	2.00%	2.00%
Discount rate for scheme liabilities	2.00%	3.80%
Inflation assumption (CPI)	2.00%	2.05%

The assumed life expectations on retirement age 65 are:

	2016 Years	2015 Years
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.6	25.4
Females	28.1	28.0

**Yorkshire Causeway Schools Trust**  
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**22 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

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

	Fair value of assets	
	2016	2015
	£	£
Equity instruments	1,627,000	992,000
Government bonds	383,000	272,000
Corporate bonds	130,000	123,000
Property	223,000	121,000
Cash	(18,000)	17,000
Other	246,000	155,000
<b>TOTAL FAIR VALUE OF ASSETS</b>	<b>2,591,000</b>	<b>1,680,000</b>

The actual return on scheme assets was £330,000 (2015: £90,000).

<u>Amounts recognised in the statement of financial activities</u>	2016	2015
	£	£
Current service cost	75,000	57,000
Net interest cost	110,000	89,000
<b>Total</b>	<b>185,000</b>	<b>146,000</b>

<u>Changes in the present value of defined benefit obligations:</u>	2016	2015
	£	as restated £
At 1 September	(4,444,000)	(3,426,000)
Employee contributions	(125,000)	(105,000)
Current service cost	(486,000)	(398,000)
Interest cost	(184,000)	(145,000)
Benefits paid	39,000	55,000
Actuarial (loss)/gain	(3,751,000)	(87,000)
Upon conversion	(1,307,000)	(338,000)
<b>At 31 August</b>	<b>(10,258,000)</b>	<b>(4,444,000)</b>



**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**22 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

<u>Changes in the fair value of academy's share of scheme assets:</u>	2016	2015
	£	as restated £
At 1 September	1,680,000	1,199,000
Employer contributions	411,000	341,000
Employee contributions	125,000	105,000
Expected return	74,000	56,000
Benefits paid	(39,000)	(55,000)
Return on plan assets	256,000	34,000
Upon conversion	84,000	-
At 31 August	<u>2,591,000</u>	<u>1,680,000</u>

**23 RELATED PARTIES**

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

The following related party transactions took place in the year:

St. Aidan's Education Services Limited – a wholly owned subsidiary of the Trust. There were no transactions during the year, however, the following balance was included in debtors at 31 August 2016 £nil (2015: £1,750).

**24 AGENCY ARRANGEMENTS**

The Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £31,578, disbursed £19,590 and had a 14/15 brought forward unspent balance of £44,003. Therefore, an amount of £55,991 repayable by the Trust at the 31 August 2016 is included in other creditors. The Trust retained a beneficial interest in individual transactions such that £1,579 has been recognised in income and expenditure in the statement of financial activities.

<b>25 CAPITAL COMMITMENTS</b>	2016	2015
	£	£
Contracted for, but not provided in the financial statements	-	37,685
	<u>-</u>	<u>37,685</u>

**Yorkshire Causeway Schools Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**26 CONVERSION TO TRUST**

The following schools converted to Trust status under the Academies Act 2010 on the date set out below:

<i>Predecessor School</i>	<i>Academy</i>	<i>Conversion date</i>	<i>Local authority</i>
St. Peter's Church of England Primary School	St. Peter's Church of England Primary School	1 March 2016	North Yorkshire County Council
Pannal Community Primary School	Pannal Primary School	1 July 2016	North Yorkshire County Council
Oatlands Infant School	Oatlands Infant School	1 August 2016	North Yorkshire County Council

All the operations and assets and liabilities were transferred to Yorkshire Causeway Schools Trust from the local authority listed above for £nil consideration.

The substance of the transfer is a gift and has been accounted for on that basis. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	<i>Unrestricted funds</i>	<i>Restricted General Fund</i>	<i>Restricted Fixed Asset Fund</i>	<i>Total</i>
	£	£	£	£
Tangible fixed assets	-	-	7,720,242	7,720,242
School budget surplus/(deficit) from North Yorkshire County Council				
Local Authority	413,294	-	-	413,294
LGPS pension (deficit)	-	(1,223,000)	-	(1,223,000)
<b>Net assets</b>	<b>413,294</b>	<b>(1,223,000)</b>	<b>7,720,242</b>	<b>6,910,536</b>

**26 FIRST TIME ADOPTION OF FRS 102 AND THE CHARITIES SORP 2015**

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

**RECONCILIATION OF NET INCOME**

	<i>Notes</i>	<i>31 August 2015</i>
		£
Net income previously reported under UK GAAP as restated (note 27)		2,110,230
Change in recognition of LGPS interest cost	A	(23,000)
<b>Net income under FRS 102</b>		<b>2,087,230</b>

# **Yorkshire Causeway Schools Trust** **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 August 2016**

## **26 FIRST TIME ADOPTION OF FRS 102 AND THE CHARITIES SORP 2015 (continued)**

### **A CHANGE IN RECOGNITION OF LGPS INTEREST COST**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expenses, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015 due to transition to FRS 102. The effect of the change has been to increase the debit to expense by £23,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

## **27 PRIOR PERIOD ADJUSTMENT**

In the prior year, the SOFA included an incorrect amount in respect of 'other resources expended – transfer from local authority on conversion' as the amount included as a transfer of the defined benefit pension liability was incorrect. The prior period financial statements have been restated and now include the correct value in respect of the defined benefit pension liabilities transferred on conversion. The effect in the prior year is noted below;

### **Changes to the statement of financial position**

	At 31 August 2015		
	As previously reported £	Adjustment £	As restated £
Balances as restated before FRS 102 transition adjustments:			
Pension reserve	(3,316,000)	552,000	(2,764,000)

### **Changes to the income and expenditure account**

	At 31 August 2015		
	As previously reported £	Adjustment £	As restated £
Balances as restated before FRS 102 transition adjustments:			
Other resources expended – transfer from local authority on conversion	924,689	(552,000)	374,689
Net income for the year	1,558,230	(552,000)	2,110,230

During the current year and due to the SOFA being restructured under FRS 102 a view was taken to reallocate income and expenditure relating to catering to better reflect the nature of the transactions and to assist in the reading of the financial statements. There has been no effect on income or expenditure as previously stated in the prior year accounts. The nature of the reallocation is £892,802 of catering income was previously recognised within 'other trading activities' this amount has been reallocated to 'funds for the academy trust's educational operations'. Catering expenditure of £906,292 was previously recognised within 'raising funds' and has now been reallocated to 'academy trust educational operations'.

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO YORKSHIRE CAUSEWAY SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 17 September 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Yorkshire Causeway Schools Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Yorkshire Causeway Schools Trust and the EFA in accordance with the terms of our engagement letter dated 17 September 2016. Our work has been undertaken so that we might state to the Yorkshire Causeway Schools Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Yorkshire Causeway Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Yorkshire Causeway Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Yorkshire Causeway Schools Trust's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament 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 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO YORKSHIRE CAUSEWAY SCHOOLS TRUST AND THE  
EDUCATION FUNDING AGENCY**

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**Conclusion**

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

RSM UK Audit LLP

RSM UK AUDIT LLP  
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Date: 14/12/16.

