

Cumbria Education Trust

(A company limited by guarantee)

Annual report

31 August 2018

Cumbria Education Trust

(A company limited by guarantee)

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Reference and administrative details

Year ended 31 August 2018

Members	S Goodliffe M Payne M Simpson D Francis
Trustees	I Burke, Chair of Audit & Risk Committee D Francis, Chair of Board
Trust board	S Goodliffe (resigned 2 October 2017) S Holliday (appointed 3 January 2018) L Hughes, Chief Executive Officer C Irving (resigned 5 September 2017) C Lewis J Keetley (resigned 6 September 2017) M Payne, Chair of Achievement & Climate Change Committee C Sutcliffe K Woolgar (appointed 1 January 2018)
Company registered number	07698631
Company name	Cumbria Education Trust
Principal and registered office	Longtown Road Brampton Cumbria CA8 1AR
Company secretary	J Pedlingham
Chief executive officer	L Hughes
Senior management team	L Hughes, Chief Executive Officer R Lakin, Headteacher, Yewdale Primary School & Director of Primary Education C Floyd, Headteacher, Longtown Primary School (appointed 1 September 2017) C Macklin, Interim Headteacher, Workington Academy (contract ended 31 Dec 2017) D Bird, Headteacher, Workington Academy (appointed 16 April 2018) C McAree, Headteacher, William Howard School A Beardmore, Headteacher, Tebay Primary School (contract ended 20 July 2018) J Venus, Headteacher, Yanwath Primary School D Matthews, Head of Finance (resigned 19 December 2017) J Pedlingham, Director of Business Leadership (appointed 01 April 2018) N Polmear, Infrastructure and Assurance Director M Graham, Operations Manager P Breen, Chief Operating Officer (resigned 30 November 2017)
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE

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Reference and administrative details of the Trust, its trustees and advisers **Year ended 31 August 2018**

Advisers (continued)

Bankers	Barclays Bank plc 16 Front Street Brampton Cumbria CA8 1NG
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Solicitors	Burnetts 6 Victoria Place Carlisle Cumbria CA1 1ES
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Cumbria Education Trust

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Trustees' report

Year ended 31 August 2018

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

Structure, governance and management

Constitution

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

The charitable company's memorandum of association is the primary governing document of the Trust.

The trustees of Cumbria Education Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Cumbria Education Trust (CET).

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

Members' liability

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

Trustees' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omission occurring whilst on academy trust business. The insurance provides cover of up to £2,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

CET work with Academy Ambassadors, and also use the existing trustees' links with the local communities and business to recruit Trustees with the necessary skills to bring the relevant expertise and knowledge to the Trust Board.

Trustees are appointed by the Members. They are people with a wide range of expertise in specific areas who are interested in working on the Board of Trustees and improving outcomes for children and young people in its family of schools.

Policies and procedures adopted for the induction and training of trustees

All new trustees receive a letter of appointment and appropriate documentation for completion. The Chair or a trustee conducts an induction meeting. Internal training on areas such as data, finance and safeguarding is arranged, supplemented in some cases by external training as appropriate.

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Trustees' report (continued)

Year ended 31 August 2018

Organisational structure

The trustees make up the Trust Board. There are two committees made up of Directors. They are the Audit & Risk Committee and the Achievement & Climate Committee. Each committee has a chair. The committees meet in various time cycles, reporting to the Trust Board following their meetings.

Each academy has a Local Advisory Board (LAB). This is, in essence, a committee of the Trust Board. The LAB carry out their function in relation to their respective school/academy on behalf of the Trust Board and in accordance with the policies determined by the Trust Board.

The LABs are established under terms of reference. The terms of reference confirm the role assigned to it and the delegation of any powers from the Trust Board.

The Chief Executive Officer (CEO) is the Chief Accounting Officer of the Trust and a trustee.

CET appointed a Director Business Leadership in April 2018. This postholder is also the Company Secretary.

The Trust has a Central Team, which is made up of staff who lead on school improvement and operational functions and provide support to the Trust's academies.

The operational team comprises of HR, Finance, ICT Services, Infrastructure & Assurance, Online services, administration and Clerking. The school improvement team consists of Data, Learning Provision including SEND, Engagement & Wellbeing and key school improvement functions.

CET are working in partnership with Burnetts, who are providing an HR provision across the Trust. CET feel this is a really exciting opportunity and will enable them to develop a standardised approach to HR across the Trust.

CET are reviewing and revising their Scheme of Delegation to ensure that there are very clear lines of delegation from the Board Directors, through the sub-committees to the CEO, Central Team and Headteachers through to individuals within each school.

Arrangements for setting pay and remuneration of key management personnel

The CEO & Headteachers are paid in line with Standard Teachers Pay & Conditions Document (STPCD), as are any teaching staff who are part of the Central Team. The operational team, which are support staff, are paid in line with the National Joint Council (NJC) or Cumbria Local Authority pay structure.

Connected organisations, including related party relationships

The Trust academies work in collaboration with each other and their local schools and organisations. The aims and objectives are as follows: -

- To improve the quality of teaching and learning throughout collaborative working and partnerships.
- To develop partnership models for all levels of self evaluation.
- To extend better professional development opportunities for all staff.
- To ensure value for money in all of the Trust academies by sharing resources, good practice and ensuring efficiencies of scale.

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Trustees' report (continued)

Year ended 31 August 2018

CET works in partnership with the RLA (Rural Learning Alliance), CASL (Cumbria Alliance of System Leaders), LASLs (Local Alliance of System Leaders), CSLC (Carlisle Secondary Learning Consortium), Western Headteachers Association, CASH (Cumbria Association of Secondary Headteachers) and CSP (Carlisle Schools' Partnership), PHA, Western Lakes Teaching School Alliance and Cumbria West Coast Teaching School Alliance.

CET also works with Academy Ambassadors, Ambition School Leadership and NGA on a range of subjects and training to support the Trust to develop and grow.

Key CET personnel are also part of DfE groups set-up to develop links and collaboration between MATs in the North i.e. CEO Reference Group, Trust Networking Group etc.

Objectives and Activities

Objectives and aims

CET's mission is to establish ourselves as one of the highest performing Multi Academy Trust's (MAT's) in the North of England.

CET's vision is for the Trust to be a dynamic, collaborative learning community which nurtures and inspires everyone to be the best you can be.

CET's values are:

- Respect – we treat others as we would want to be treated ourselves. CET is an inclusive organisation where every individual is valued.
- Responsibility – we all have the responsibility to engage and improve.
- Resilience – we are determined and committed to achieving our vision; we remain positive and solution focused at all times.

Objectives, strategies and activities

These are covered in the Strategic Report.

Public benefit

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The MAT structure allows economies of scale in shared services such as HR, finance, IT, data, and learning provision including but not limited to SEND. It also gives the schools opportunities to obtain better terms in negotiating contracts and services and hence improved value for money. Curriculum Led Financial Planning has also been implemented.

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Trustees' report (continued)

Year ended 31 August 2018

Strategic Report

Achievements and performance

Cumbria Education Trust

At end of August 2018 CET consists of six schools Workington Academy (sponsored) (WA), William Howard School (convertor) (WHS), Yewdale Primary School (sponsored), Longtown Primary School (sponsored), Tebay Primary School and Yanwath Primary School (both schools were re-brokered from another Trust).

Des Bird took up his post as Headteacher at Workington Academy on 16 April 2018 and shortly after he joined CET the academy had their first Section 5 Ofsted inspection since joining the Trust. CET were pleased with the outcome of the inspection: -

• Overall effectiveness	Requires improvement
• Effectiveness of leadership and management	Good
• Quality of teaching, learning and assessment	Requires improvement
• Personal development, behaviour and welfare	Requires improvement
• Outcomes for pupils	Requires improvement
• 16 to 19 study programmes	Good

In July 2018 Yewdale Primary School also had their first Section 5 Ofsted inspection since joining CET. Again, the results of this inspection were pleasing: -

• Overall effectiveness	Good
• Effectiveness of leadership and management	Good
• Quality of teaching, learning and assessment	Good
• Personal development, behaviour and welfare	Good
• Outcomes for pupils	Good
• Early years provision	Good

CET held their first Trust production at Theatre By The Lake. "Alone I Sing, Together We Perform" was a showcase of performances by children from every school within CET. A packed audience in Theatre By The Lake in Keswick, along with excellent feedback from everyone who attended, hailed that this was a great success. Other cross-Trust events this year have included Tag Rugby, Maths Day hosted by University of Cumbria, English Literacy Day and Year 2 visit to Lowther Castle – to name but a few. Further Cross-trust student and pupil events are being planned for 2018/19.

Admissions

Cumbria Education Trust schools provide education to 3 - 19 year old pupils/students who are admitted to the schools through their Admissions Policies. All Trust schools are non fee paying academies. The pupils/students are not selected by ability or aptitude; the Trust admits all pupil/students of the relevant age, living within the geographical area of its schools' catchment areas. The Admissions Policies outline the criteria for admission from the wider geographical area and Trust academies.

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Trustees' report (continued)

Year ended 31 August 2018

Overall Performance

There is a strong strategic vision; our core values are understood by stakeholders.

The Trust's Strategic Priorities are shared throughout the organisation. Individual School Improvement Plans (SIP) are linked to the Trust's strategic priorities.

Accountability Framework

The Trust has embedded accountability systems across its academies.

The Trust's Appraisal Policy is being used consistently across the Trust and new systems have been implemented to support this process.

Accountability is understood from the Trust Board, Chair of the Local Advisory Boards, to Headteachers and through to Middle Leadership.

Improving consistency and performance

The Trust has developed shared approaches across the organisation that are bringing about improvements in delivery. 14 collaborative groups including 79 staff have been working together on key aspects of school improvement and operational delivery. This will be developed further in 2018/19 with the aim for 200 staff to be involved across the Trust.

Shared Continuing Professional Development (CPD) is common practice across the Trust, with inset days co-ordinated on the schools' calendars.

Cross school assessment moderation has been embedded and took place across the primary and secondary sector.

Governance

There is a distinction between the roles of the Trustees and the roles of the Local Advisory Board (LAB) members. This is underpinned by a clear Scheme of Delegation.

Regular training sessions were arranged for the trustees and Local Advisory Board members to help them understand and make sense of the data, processes and systems used in the Trust academies, which in turn will lead to improved challenge and support.

School Improvement

The school improvement strategy across the Trust is evolving, with CET looking to build capacity within its School Improvement Team to ensure that CET are able to deploy appropriately experienced and skilled staff to work in a range of areas of improvement across the Trust. A MAT Development Improvement Fund was received in 2017/18 to help to fund this much needed capacity within this team.

The Trust commission support from a School Improvement Partner. Other external support is commissioned as required.

The schools have ownership of their Self Evaluation Form (SEF). The School Improvement Plans and school data targets are approved by the trustees.

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Trustees' report (continued)

Year ended 31 August 2018

School To School Support

System leadership and collaboration is at the heart of the Trust's school improvement ethos. School to school support is encouraged within the Trust and beyond. Staff have engaged in school to school support, with staff being deployed across the Trust and beyond as necessary.

Risk Indicators

The Trust has an Audit and Risk Committee. It regularly reviews the Trust risk register and annually approves the Trust's business plan.

Succession Planning

The Trust have been working towards becoming an Alliance Partner with Ambition School Leadership in 2017/18. CET are now able to deliver their own nationally recognised Middle Leadership & Senior Leadership programmes across the Trust. The aim is for CET to grow their own leaders of the future from within the Trust.

Strategic Priorities

CET's strategic priorities are:

- Priority 1 - To lead continuously improving institutions.
- Priority 2 - Students First - Inclusion at the heart of all decision making.
- Priority 3 - Through high Quality Assurance procedures, quality first teaching is the expected norm.
- Priority 4 - Create an innovative curriculum in each of our academies.
- Priority 5 - Ensure that CET's School Improvement Strategy is continually developing and impactful.
- Priority 6 - Celebrate the work of CET overtly, in order to build stakeholder confidence.
- Priority 7 - Expand the role and the quality of the service provided of Central Services.
- Priority 8 - Ensure that the financial health of CET is improving.

WILLIAM HOWARD SCHOOL (secondary)

Context

William Howard is a larger than average secondary school located to the east of the City of Carlisle. They have 1500 students on roll and serve a large rural catchment area, while drawing a number of students from the eastern fringes of Carlisle, southern Scotland and the western fringes of Northumberland. The diversity of the very large catchment covers areas of significant wealth and also ones of deprivation. Unemployment in the area is half the national average including for the 16-24 age group, with Not in Education, Employment or Training (NEET) students rare as a result. The jobs to employer ratio according to ONS is above 1, i.e. more jobs exist than people to do them. The relative low cost of living and very high levels of employment opportunities in low skilled jobs mean that locally there is a culture of low academic aspiration amongst some families, which contrasts with other families who are highly aspirant.

There are between 270 and 210 students in each year group; there are 220 students in the 6th form. The school is fed from up to 38 schools with 18 designated feeder primary schools, their intakes varying from 30 to only 1 or 2 students per year group. The school currently has 15% of students meeting the pupil premium criteria.

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Trustees' report (continued) Year ended 31 August 2018

We believe WHS is now a Good school because: -

- Students enter the school with average levels of attainment and in 2017 overall achieved good levels of progress. We have taken swift action to ensure areas where progress was not as strong in 2018 improve rapidly.
- Overall students in the school are making progress at least in line with expectations and this is an improving trajectory throughout all years.
- Disadvantaged students in the last two KS4 cohorts have made progress broadly in line with other students. Internal data shows this is at least the position for all cohorts with an increasing number of disadvantaged students making better than expected progress.
- KS3 students make sustained progress from their starting points, catch-up funding is used well to support the rapid improvement of students entering the school not yet at the required standard.
- Students in the 6th Form achieve Good outcomes.
- The school offers a wide, rich and innovative curriculum that aims to enthuse and challenge students while meeting local need and for all current cohorts now matches national expectations and fulfils performance metrics. It is matched to students' learning needs through ongoing assessment and effective planning.
- Teaching and Learning is Good across the school and it is at the heart of all that we do; continually being developed by a highly motivated and increasingly skilled staff.
- Opportunities and development of the whole student, their role within their local community, character and Careers Education Independent Advice and Guidance (CEIAG) are all strong.
- Students secure excellent aspirant destinations and are well placed to move onto the next stage of their learning or enter training or employment.
- We promote students' spiritual, moral, social and cultural development through the curriculum and wider activity of the school, including international school status and dedicated Personal Development lessons.
- Standards of both conduct and behaviour for learning are at least good and mean students are engaged in their learning with an increasing level of student leadership evident throughout the school.
- Leadership of the school is strong and robust, we accurately self-reflect and as a result we have brought about significant improvements in a short period of time.
- We know what we do well, what we could do better and we endeavour to continually improve.

WHS school priorities are to: -

- Ensure that all assessment provides incisive feedback that is accurate and leads to strong progress in all subject areas and weaker practice is tackled decisively.
- Continue to raise the achievement of Pupil Premium students so that an increasing number make progress significantly above expectations.
- Ensure that all subjects have adapted to the demands of the new GCSE specifications and consistently achieve progress at least in line with others nationally.
- Improve the standard of writing in all subjects but in particular the EBacc subjects.
- Continue to reduce the level of Persistent Absence of Pupil Premium students.
- Grow student leadership and in particular 6th Form Leadership and increase its impact across the school.
- Support students and staff through a highly effective mental health and wellbeing provision.

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Trustees' report (continued)

Year ended 31 August 2018

YEWDAL PRIMARY SCHOOL

Context

Yewdale Primary School is an average sized primary school in Carlisle. It has 259 pupils on roll and numbers now remain consistent. There has been a considerable increase in the size of reception.

There were changes made to the school leadership from September 2015 – a new Headteacher and Director of Primary Education was appointed by CET. A new Deputy Headteacher was appointed for September 2016 and a new Assistant Headteacher was appointed for September 2017.

Due to inadequate teaching over time, the leadership team has restructured the school, reforming staffing structure resulting in 75% of teaching staff new to the school from September 2016. Yewdale are committed to continuing our full core offer as an extended school. The school was graded Good in July 2018, having been graded Inadequate by Ofsted in March 2014.

Yewdale Primary School is a Good school because: -

- Senior Leadership Team are highly experienced – Pupil Premium Champion / Specialist Leader of Education. There is a breadth of experience, a structure of challenge exists taking one another out of comfort zones. As a result, reforms are strategic, considered and aligned to pupil need.
- Middle leadership is strong, ensuring staff are accountable and supported in their development.
- The quality of teaching, learning and assessment is at least good, teaching and learning development is at the heart of what the teaching team do, the improvement over time is evident and this is reinforced with strong outcomes in EYFS and KS1 from starting points.
- Curriculum is well matched to pupil need offering a broad and balanced curriculum.
- The Early Years Leader is strong and has a clear rationale for Early Years Education, holding her team to account. This strong leadership is evidenced in improving outcomes during her tenure as EYFS leader and the provision continues to move forward. Early years provision quickly ensures pupils needs are met and by the end of the EYFS provision an overwhelming majority of pupils (79% in 2018) achieve a good level of development with 12% exceeding the ELGs.
- As a result, governance, trust oversight and leadership of the school is strong ensuring. Leaders are evaluative and operate strategically to improve outcomes for all pupils.
- Outcomes are improving for all year groups Pupil Premium, Disadvantaged, SEND across each year group.
- Outcomes for KS1 and KS2 2018 have significantly improved.
- Progress in each year group across a range of subjects falls at least in line with expected progress for all year groups.
- Gaps between disadvantaged and non-disadvantaged are reducing year on year.
- Planning shows high expectations, learning is evaluated against succinct and tight objectives, where pupils need consolidation timely action is taken ensuring progress.
- Marking drives learning forwards, developmental where needed. Marking is consistent throughout the school.
- A bespoke long term plan highlights all objectives to be covered within the academic year. As a result of the synergy between long term planning and the school assessment structure all learning is linked and the ongoing continual assessment ensures that learning is pitched to challenge and extend pupils.
- Assessment is a strength. Teachers through an embedded and systematic approach are aware of standards and areas of development for all pupils. Ongoing assessment that is continually monitored and updated in real time through a range of different approaches (on going assessment, termly reviews, distance assessment, focused group work and intervention) ensures that pupil achievements are recorded and as a result learning is pitched to need.

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Trustees' report (continued)

Year ended 31 August 2018

Yewdale Primary School improvement priorities are to: -

- Evidence indicates that there is outstanding capacity for further sustained improvement based on very strong improvements made in all aspects of school provision.
- Continue to raise achievement of disadvantaged and SEND pupils, reducing the attainment gap further while continuing to build on the good progress made.
- Accelerate the improvements of pupils' attainment in writing in year 5 due to mitigate lost learning due to teacher absence in year 4.
- Teaching and learning needs to be outstanding.
- Attendance for all pupils particularly disadvantaged to continue to improve to achieve target of 97%.
- Improve outcomes for all pupils so that a higher proportion achieve exceeding / greater depth.

WORKINGTON ACADEMY

Context

Workington Academy opened on 1 September 2015 when the two predecessor schools merged and is an average-sized school. All pupils and the majority of predecessor school staff transferred to the academy, with approximately a fifth of the teaching staff being new to the school. The proportion of pupils eligible for support through the pupil premium is above average. More than half of the students in the school live in the two most deprived deciles defined by indexes of multiple deprivation. The proportion of pupils who have special educational needs or disability is well above average. The academy has strategically resourced provision for pupils who require physical or medical support or have life-limiting illness. Almost all pupils are of White British heritage. A new, permanent headteacher joined in April 2018. The Academy was inspected by Ofsted in May 2018, and was found to require improvement overall. Both the effectiveness of leadership and management and the effectiveness of the sixth form were judged as good.

Workington Academy Ofsted say WA is RI because; -

- The progress of students and in particular disadvantaged students is not close to that of other students with the same starting points in a wide range of subjects.
- There is significant variation in the impact of teaching on progress and outcomes at KS4.
- Disadvantaged students are disproportionately persistently absent and have attendance below that of their peers.

Workington Academy – strengths

- Leaders' actions have secured improvements to student progress, teaching quality, behaviour and attendance since the opening of the Academy.
- "Senior leaders have been effective in raising standards across the school" Ofsted 2018.
- In many subject areas the improved use of appropriately challenging assessment effectively meets the needs of students. "Teachers' improved use of assessment information allows them to meet the needs of pupils more effectively. As a result, an increasing proportion of teachers are using assessment information to plan learning that challenges pupils". Ofsted 2018
- Curriculum Leaders are strongly aware of school priorities and are committed to securing improved rates of progress. 'Middle leaders are enthusiastic and committed to securing improved rates of progress for pupils' Ofsted 2018.
- Bullying is rare and where concerns do arise students know where to access support and are confident their concerns will be rapidly and thoroughly dealt with.
- Effective mental health education and strategies to deal with issues are in place.
- There was an increase in the number of top grades awarded (10% of all qualifications compared to 6% in 2017).

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Trustees' report (continued) Year ended 31 August 2018

- The percentage of disadvantaged students achieving 4+ and 5+ in English and maths increased significantly (Eng. 4+ 66% [42%], Eng. 5+ 44% [22%], Mat. 4+ 56% [46%], Mat. 5+ 34% [29%]).
- Students benefit from individualised study programmes; teachers plan learning that allows students to make good progress.' Ofsted 2018.
- Attendance is high and consistently over 96%.
- L3VA broadly in line with national average in A level subjects (-0.05).
- Strong vocational outcomes.

Workington Academy School Improvement Priorities are to: -

- Improve the impact of teaching on progress and outcomes for all students and in particular disadvantaged students in a range of subjects such that progress and outcomes improve rapidly to that of their peers nationally.
- Improve attendance and reduce persistent absence for disadvantaged students such that it improves rapidly to that of their peers.
- Improve behaviour, particularly at social times and between lessons, whilst also reducing rates of fixed term exclusion to the national average.

LONGTOWN PRIMARY SCHOOL

Context

Longtown Primary School is a smaller than average primary school situated in the north of Cumbria, on the outskirts of Carlisle and serves a mixed catchment area of Longtown and other rural areas with pupils from a range of socio-economic backgrounds. There are currently 184 pupils on role, 51.4% are girls and 48.6% boys making the school one form entry. There is capacity for a 24 place Nursery offering part time provision with the 30 hour offer provided to parents by a shared arrangement with Pear Tree Nursery, which shares the school site. Currently 14% of our children meet the criteria for pupil premium support enabling us to tailor specialist interventions.

Longtown Primary School - strengths:

- Leaders consistently promote fundamental British values and pupils' spiritual, moral, social and cultural development.
- Teachers develop pupils' reading, writing and communication, and where appropriate mathematics, well across the curriculum. For younger children in particular, the teaching of phonics is effective in enabling them to tackle unfamiliar words.
- The school's open culture actively promotes all aspects of pupils' welfare. Pupils are safe and feel safe at all times. They understand how to keep themselves and others safe in different situations and settings. They trust leaders to take rapid and appropriate action to resolve any concerns they have.
- Pupils read widely and often, with fluency and comprehension appropriate to their age. A very large majority of pupils in Year 1 achieve the expected standard in the national phonics check.
- In EYFS children are motivated and interested in a broad range of activities and are keen learners. They listen carefully to adults and each other.

Longtown Primary School Improvement Priorities are to: -

- Ensure the quality of teaching, learning and assessment cannot be judged as good across the school.
- Develop Middle leadership alongside the assessment of non-core subjects.
- Improve outcomes in writing at the end of KS2 in line with national expectations.

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Trustees' report (continued)

Year ended 31 August 2018

- Set high expectations for leaders of pupils and staff. They lead by example to create a culture of respect and tolerance. The positive relationships between leaders, staff and pupils support the progress of all pupils at school.
- Implement a broad and balanced curriculum which provides a wide range of opportunities for pupils to learn.

TEBAY PRIMARY SCHOOL

Context

Tebay is a much smaller than average sized primary school based in the Eden Valley in Cumbria. It serves a large rural catchment area. The relative low cost of living and high levels of employment opportunities in low skilled jobs mean that locally there is a culture of low academic aspiration amongst some families. The percentage of pupils known to be eligible for free school meals is below average. The percentage of pupils with special educational needs and/or disabilities is above average (27%), but there are none with a EHC plan. There are very few pupils from minority ethnic groups or who speak English as an additional language (5%). There are 8 children in the Early Years Foundation Stage - 5 in the Nursery Year and 3 in the Reception Year. Nursery children can attend part-time or full time for up to 5 terms.

The school currently has 14% of children meeting the pupil premium criteria; though this hides significant rural poverty as there is a reluctance to claim entitled benefits in the agricultural community. There are also significant numbers of families who are just above the entitlement level.

Tebay joined CET academy in September 2017 after an unsettled 2 years during which there was significant staff changes. On joining CET, the school was judged by senior leaders as inadequate with major areas of concern. Swift action has enable significant improvement to be made in many areas.

Tebay Primary School - strengths:

- Teaching and Learning is at the heart of all that we do and is being continually developed by a highly motivated and skilled leadership team.
- There is a new Headteacher and Assistant Headteacher in post from September 2018; these are supported by CET. They accurately self-reflect, identifying key areas of improvement.
- Opportunities and development of the whole child, and their role within their local community is strong.
- Standards of behaviour are good and children are engaged in their learning and are motivated to learn more.
- Children help each other and are extremely caring. They see themselves very much as part of the school.
- We know what we do well, what we could do better and we endeavour to continually improve.
- Staff are developing well so the majority of children are making more than expected progress and achieve in line with national expectations.
- Tracking is robust and assessments are accurate.

Tebay Primary School Improvement Priorities are to: -

- Ensure all children are accessing at least good teaching.
- Ensure gaps in learning and misconceptions are address quickly and effectively.
- Ensure children are accessing a broad and balanced curriculum relevant to their individual needs.

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Trustees' report (continued)

Year ended 31 August 2018

YANWATH PRIMARY SCHOOL

Context

Yanwath Primary School has been part of Cumbria Education Trust for a year, and many improvements have already been seen. Yanwath's pupils come from neighbouring villages and farms although 70% of pupils travel from Penrith and the number of low-income families is higher than would generally be expected at a "village" school. This means that 120 children choose to attend Yanwath rather than their catchment area school. Most parents work and find it difficult to be involved in school life.

A changing demographic means that an increasing number of pupils entering Early Years or joining the school mid-term are considered to be vulnerable. The range of ability and grasp of basic skills on entry is widening. The school has grown from 70 to 165 pupils (plus 24 nursery places) in ten years.

The school has before and after school provision and a nursery to provide wraparound care for children who are three+ years old. The school comprises seven classes; its numbers now means that there are single-age classes for the first time.

The school has been awarded the Enterprise Standards Award and the International Schools Award. It is a Centre of Financial Excellence and is recognised as a UNICEF Rights Respecting school. It is currently working towards Artsmark Platinum.

The school delivers a skills and challenge-based curriculum based on its "drivers": Enterprise, Civil Education and Creative Arts. Yanwath has organised and lead county-wide training in Financial Education and Enterprise.

An established behaviour policy has enabled the school to remain inclusive. Yanwath has a project-based, bespoke curriculum that links learning across all subjects to provide deep understanding. It is enhanced by residential and day visits and a real belief in the importance of life and learning skills. All subjects are valued and opportunities to excel across the curriculum are provided.

Yanwath Primary School – strengths: -

- There is a strong, collegiate vision which is understood by all staff as they become more established.
- Spiritual, Moral, Social and Cultural (SMSC) education is a strength of the school. Delivered through all aspects of the curriculum, pupils leave with a strong sense of community and comprehensive understanding of the world around them.
- Our curriculum is engaging and enhanced by practical, out-of-class learning and meaningful end products, related to real life.
- Our core subject results are at least at, and generally above national average. 2018 saw an average rise of 23% in attainment at both key stages. Progress scores have improved, although progress in Year 6 reading was -1.9 points and maths was -0.8. Writing and GPS remain strengths with strong positive progress measures. Small cohorts can be cited as an issue when considering data.
- Our Early Years provision is much improved although due to timeframes, these improvements were seen in numbers of pupils reaching GLD but not exceeding.
- The school has strong leadership and a new senior leadership team is bedding in. Time is needed to ensure that impact is proven.

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Trustees' report (continued) Year ended 31 August 2018

Yanwath Primary School Improvement Priorities are to: -

- Ensure that all teaching continues to be consistently good or better and evaluated rigorously.
- Ensure that all staff have a strong understanding of the basic, advancing and deepening process of children's learning, and are able to implement it in all aspects of delivery, thus catering for all learners, specifically the more and most-able pupils.
- Continue the provision of induction programmes, ensuring all staff have a clear understanding of expectations.
- Ensure all staff subject knowledge across all subject areas is strong, supported by an effective network of subject leaders.
- Measure attainment in foundation subjects accurately, respond to data analysis and meet challenging targets.
- Embed changes made to the delivery of reading and maths in response to data and practice analysis.
- Measure progress in school drivers and SMSC.

Financial review

Financial risk management objectives and policies

The revenue balances carried forward at 31 August 2018 are £6k (2017: a deficit of £942k) on the Restricted General Fund and £528k (2017: £1,199k) on the Unrestricted Fund, totalling £534k (2017: £257k). Reserves have been increased by £276k overall through careful budgetary control.

The individual schools outturn positions are as follows:

- William Howard School outturn was a deficit of £38k.
- Workington Academy outturn was a deficit of £40k.
- Yewdale Primary School outturn was a deficit of £36k.
- Longtown Primary School outturn was a surplus of £1k.
- Tebay Primary School was a deficit of £36k.
- Yanwath Primary School was a deficit of £5k.

The majority of the Trust's recurring income (86% in 2016/2017) is obtained from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA, and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities. Grant income is also received from the Local Authority for students with Special Educational Needs. Other income is generated in each of the constituent schools from letting of facilities and the WHS Fitness and Wellbeing complex. The Trust also received income from out of catchment school transport which aims to operate on a cost neutral basis

The Trust also receives grants for capital expenditure from the ESFA. In accordance with Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Income has increased for the Trust with the inclusion of both Tebay and Yanwath Primary Schools. The primary schools transferred to CET from the Building Futures Enterprise Academy Trust.

The Local Government Pension Scheme as it relates to the Trust, as part of the combined Cumbria/Lancashire pension fund, has been valued by the actuary as having a net deficit of £6,656k as at 31 August 2018 (2017: £7,348k). The deficit may increase further in future years if the economic climate does not improve and contributions, both employer and employee, are not increased. This is a material figure in terms of the Trust's total assets and further details on the figures are included in note 26 to the accounts.

The total income received has been invested in the furtherance of the high quality education provided across

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Trustees' report (continued)

Year ended 31 August 2018

each school within the Trust by the employment of suitably qualified teaching staff, the provision of specialist staff support for both teaching and the various support functions of the Trust, the provision of suitable resources for the staff and students and the maintenance and refurbishment of the buildings and equipment.

Reserves policy

The trustees consider the reserves policy each year in light of developments and with an aim that reserves are increased in order to provide a financial safeguard for the future and enable the Trust to manage the financial impact of year to year fluctuations in funding arising from changing student/pupil numbers. Currently the Trust's aim is to achieve an in year reserve movement of 1% of revenue funding, this being incorporated into the 2018/19 balanced budgets.

At 31 August 2018 the Trust held free (unrestricted) reserves of £527,604 and restricted income funds of £6,236 which total £534,840, and which represent the funds readily available to the Trust. Total funds of the Trust at 31 August 2018 amounted to £28,051,228, of which £34,173,388 are tied up in fixed assets and a deficit of £6,656,000 represents the defined benefit pension liability.

The trustees will continue to seek to build free reserves to a level that will provide the safeguards set out above.

Deficit

All schools in deficit at the end of August 2018 have prepared balanced budgets for 2018/19.

Material investments policy

The Trust is able to generate a modest financial return by transferring funds from the current to savings account until needed. During the year the Trust did not have sufficient cash to be able to lock funds away and generate higher returns.

Principal risks and uncertainties

The major risks to which the Trust is exposed, as identified by the trustees, are regularly reviewed, and systems and procedures have been established to manage those risks. Risk is considered as part of the reporting procedures to the various committees.

A major risk for the Trust is the national picture for education funding which is constantly changing.

Trustees have identified a requirement to project budgets for a three year period to advise them in advance of the potential impact of funding changes and this is being completed annually.

Last year it was reported that a major risk faced by the multi academy trust was the successful growth of the Trust. Incorporating new academies brings with it inevitable pressures on management time as systems are aligned, whilst still maintaining quality service provision across existing schools. This risk continues as a further two schools were incorporated on 1 September 2017 and future plans are to grow further. Trustees are satisfied that sufficient planning had been undertaken prior to taking on new academies, and that procedures are in place to deal efficiently and effectively with any issues arising during with first few months of operation.

The Trust, through its Board of Trustees and staff, strives to become an outstanding organisation and recognises the need to maintain and increase student numbers as they are the major influence over finance.

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Trustees' report (continued)

Year ended 31 August 2018

Going concern

After making appropriate enquiries, the 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 statements.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016, an academy trust must include a statement of each of the following in respect of fundraising activities, whether carried out directly by the academy trust or by any person on its behalf, during the year:

- (a) the approach taken by the charity to activities for the purpose of fundraising, and in particular whether a professional fund-raiser or commercial participator carried on any of those activities;
- (b) whether the fundraiser was subject to an undertaking to be bound by any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising, in respect of activities on behalf of the charity, and, if so, what scheme or standard;
- (c) any failure to comply with a scheme or standard mentioned under paragraph (b);
- (d) whether the charity monitored activities carried on by any person on behalf of the charity for the purpose of fund-raising, and, if so, how it did so;
- (e) the number of complaints received by the charity or a person acting on its behalf about activities by the charity or by a person on behalf of the charity for the purpose of fund-raising;
- (f) what the charity has done to protect vulnerable people and other members of the public from behaviour such as unreasonable intrusion on a person's privacy, unreasonably persistent approaches for the purpose of procuring money or other property, and placing undue pressure on a person to give money or other property, in the course of, or in connection with, such activities.

Plans for future periods

Future developments

CET is committed to supporting all pupils/students, staff and academies within the Trust to 'be the best they can be'. Each of the Trust's academies has its own unique ethos, however they all share a common vision and values, which are central to the life of the academies and underpin all the Trust's activities. Our vision is to enable every young person to reach their potential and achieve the success they deserve by providing an innovative and inspiring learning experience. At the heart of our organisation are the principles of respect, responsibility and resilience.

The growth of CET is a committed element of the strategy. Growth will enable the Trust to further support children across Cumbria, bringing more benefits both to existing and joining CET schools through partnering and cross trust efficiencies. The Trust has received grant funding in the year to support these growth plans. In line with these plans, The Whitehaven Academy converted into the Trust on 1 December 2018 and work will continue during 2018/19 to embed the academy within the Trust structures.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

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Trustees' report (continued)

Year ended 31 August 2018

In accordance with the Trust's equal opportunities policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff. Full details of these policies are available on CET's website.

Trade union facility time

There were no relevant Union Officials during the year and as such the Trust has not incurred any costs in relation to facility time or paid trade union activities.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:



D Francis
Chair of Trust Board

Cumbria Education Trust

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Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Cumbria Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
I Burke, Chair of Audit & Risk Committee	4	5
D Francis, Chair of Board	2	5
S Goodliffe	0	1
S Holliday	3	3
L Hughes, Chief Executive Officer	5	5
C Irving	0	0
C Lewis	4	5
J Keetley	0	0
M Payne, Chair of Achievement & Climate Change Committee	5	5
C Sutcliffe	4	5
K Woolgar	2	3

Two new Trust Board Directors were appointed during 2017/18 through the Ambassadors programme. One has a HR background and the other finance. Both were recruited after a discussion with the Chair and the CEO. A Vice Chair for the Trust Board was also appointed.

A new induction programme is in the process of being developed for Trust Board Directors. CET's Annual Conference focused on effective governance and was led by the National Governance Association (NGA). CET are members of NGA.

Trust Board Directors completed a skills audit where any gaps were identified. The training programme was determined with these gaps in mind. The training programme runs throughout the year.

Trust Board Directors meet 5-6 times per year. Committee meetings proceed full Trust Board meetings.

Trust Board Directors have good links with CET's schools. The Local Advisory Board (LAB) Chairs attend Trust Board meetings, with their Headteachers, twice a year. Directors are also assigned to individual schools, to ensure that communication channels are effective. The Directors attend at least two LAB meetings within the year for their individual school, to ensure they have a good understanding of the school and for the LAB to be up to date on what the Trust are aiming to achieve. Trust Board Directors are also invited to attend key school events throughout the year.

There is an annual planning session for Directors and LAB Chairs to review and plan for the following year.

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Governance Statement (continued)

The Trust's Chair is taking part in the National Governance Leadership Programme ran by Ambition School Leaders and CST (Confederation of Schools Trust, previously named FASNA).

Reporting requirements have been rationalised by the executive to ensure succinct information is available at the correct governance forum. Financial Management accounts are made available to the Chair of the Trust Board and the Chair of the Audit & Risk Committee monthly.

The Trust Board and LAB's are continually developing and are operating more effectively. Conversations are improving, the Directors and LAB members are more effective around holding the executive and Headteachers to account. CET's governance is continually developing and improving.

The Achievement and Climate Committee is a sub-committee of the main board.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Hughes	3	3
S Holliday	1	2
S Goodliffe	0	0
M Payne	3	3
D Francis	2	3
C Sutcliffe	2	3

The Audit and Risk Committee met three times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Hughes	3	3
D Francis	1	3
I Burke	3	3
C Lewis	2	3
K Woolgar	1	2

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Achieving the educational outcomes as set out in the Trustees' Report. Outcomes include many positive indicators. Educational outcomes were improved with the same resource by taking steps to further improve the quality of teaching, as set out in the Trustees' Report;
- The formation of the Trust continues to enable the to sharing of delivery and good practice across all schools within the Trust. This has driven up standards for least cost;
- The Achievement & Climate Committee reviews the staffing structure to ensure that staff are deployed as efficiently as possible to support an improved curriculum, and to target areas of the curriculum in need of development;
- The Trust have supported and collaborated with other schools in the county and beyond. CET has also supported other schools through teaching & learning and leadership programmes;

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Governance Statement (continued)

- Contracts and services are regularly appraised and renegotiated in a timely manner to ensure value for money.
- Utilities contracts are constantly monitored and reviewed and re negotiated where cost savings have been identified;
- Options appraisals are carried out before purchases are made, including assessing the costs and benefits of alternatives over the longer term. A range of quotes is obtained for all major purchases so that the Trust knows it is getting a good deal;
- The Trust explores opportunities to generate income through the letting of facilities to the local community and the provision of support services to local schools. The WHS Fitness and Wellbeing Centre is well established and provides a community gym facility and sports facilities which are used extensively by local sporting clubs. Equally, lettings of facilities are carried out within many of the constituent schools and each strives to consider any other income that can be generated. WA has fantastic new facilities that will be used to generate income for the academy.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cumbria Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the relevant 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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Dodd & Co Chartered Accountants as internal auditor.

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

- a review of bank account systems and controls
- a review of control account procedures

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Governance Statement (continued)

- a review of systems and controls in relation to income and debtors
- a review of systems and controls in relation to expenditure and creditors
- a review of payroll systems and controls

The internal auditors prepare audit reports on each area covered covering the operation of the systems of control and on the discharge of financial responsibilities which are issued to CET for reporting at the audit committee.

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive 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 implications of the result of their review of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on their behalf, by:



D Francis
Chair of Trustees



L Hughes,
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Cumbria Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



L Hughes
Accounting Officer

Date: 11 December 2018

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Statement of trustees' responsibilities Year ended 31 August 2018

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:



D Francis
Chair of Trustees



Independent auditor's report on the financial statements to the members of Cumbria Education Trust

Opinion

We have audited the financial statements of Cumbria Education Trust (the 'Trust') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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



Independent auditor's report on the financial statements to the members of Cumbria Education Trust

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

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



Independent auditor's report on the financial statements to the members of Cumbria Education Trust

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

Auditor's responsibilities for the audit of the financial statements

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

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

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris ACA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
11 December 2018

Cumbria Education Trust

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Independent reporting accountant's assurance report on regularity to Cumbria Education Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 5 November 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cumbria Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Cumbria Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Cumbria Education Trust's funding agreement with the Secretary of State for Education dated 1 September 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to support our conclusion includes:

- testing a sample of expenditure to verify that the trusts procurement procedures have been followed for the items selected;
- testing a sample of payments to ensure they are correctly authorised in accordance with the trust policies;
- testing a sample of expenditure to verify the nature of spend is in line with funding agreements;
- testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the trust policies;

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Independent reporting accountant's assurance report on regularity to Cumbria Education Trust and the Education & Skills Funding Agency (continued)

- confirming that appropriate departmental authority has been obtained for any extra-contractual payments to staff such as severance pay;
- where any disposals of land or buildings were made, enquire as to whether appropriate approval was obtained from the EFA; and
- where any transactions or contracts are entered to with connected parties, enquire as to whether the appropriate procedures were followed in line with trust policies.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Michael Morris

UNW LLP
Chartered Accountants
Newcastle upon Tyne

11 December 2018

Cumbria Education Trust

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Statement of financial activities incorporating income and expenditure account Year ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Assets donated from predecessor trust	2	(77,260)	(495,000)	1,141,045	568,785	614,403
Other donations and capital grants	2	333,741	-	-	333,741	16,083,638
Charitable activities	3	-	15,888,097	138,378	16,026,475	14,624,935
Other trading activities	4	435,830	-	-	435,830	572,960
Investments	5	367	-	-	367	347
Other income	6	-	373,651	-	373,651	432,264
Total income		692,678	15,766,748	1,279,423	17,738,849	32,328,547
Expenditure on:						
Raising funds	7	383,614	-	-	383,614	326,455
Charitable activities	8	-	16,734,280	901,112	17,635,392	16,871,386
Other expenditure	10	-	-	-	-	5,839,540
Total expenditure		383,614	16,734,280	901,112	18,019,006	23,037,381
Net (deficit)/surplus before transfers		309,064	(967,532)	378,311	(280,157)	9,291,166
Transfers between Funds	21	(980,000)	983,799	(3,799)	-	-
Net income / (expenditure) before other recognised gains and losses		(670,936)	16,267	374,512	(280,157)	9,291,166
Losses on revaluations of fixed assets	17	-	-	(200,000)	(200,000)	-
Actuarial gains on defined benefit pension schemes	26	124,000	1,500,000	-	1,624,000	1,970,000
Net movement in funds		(546,936)	1,516,267	174,512	1,143,843	11,261,166
Reconciliation of funds:						
Total funds brought forward		1,198,540	(8,290,031)	33,998,876	26,907,385	15,646,219
Total funds carried forward		651,604	(6,773,764)	34,173,388	28,051,228	26,907,385

The notes on pages 33 to 56 form part of these financial statements.

Cumbria Education Trust

(A company limited by guarantee)

Balance sheet At 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	17		34,173,388		33,978,214
Current assets					
Stocks	18	32,759		43,351	
Debtors	19	547,256		624,113	
Cash at bank and in hand		941,209		564,658	
		<u>1,521,224</u>		<u>1,232,122</u>	
Creditors: amounts falling due within one year	20	<u>(987,384)</u>		<u>(954,951)</u>	
Net current assets			<u>533,840</u>		<u>277,171</u>
Total assets less current liabilities			<u>34,707,228</u>		<u>34,255,385</u>
Defined benefit pension scheme liability	26		<u>(6,656,000)</u>		<u>(7,348,000)</u>
Net assets including pension scheme liabilities			<u><u>28,051,228</u></u>		<u><u>26,907,385</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	21	6,236		(942,031)	
Restricted fixed asset funds	21	34,173,388		33,998,876	
Restricted income funds excluding pension liability		34,179,624		33,056,845	
Pension reserve		<u>(6,656,000)</u>		<u>(7,348,000)</u>	
Total restricted income funds			<u>27,523,624</u>		<u>25,708,845</u>
Unrestricted income funds	21		<u>527,604</u>		<u>1,198,540</u>
Total funds			<u><u>28,051,228</u></u>		<u><u>26,907,385</u></u>

The financial statements on pages 30 to 56 were approved by the trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



D Francis
Chair of Trustees

The notes on pages 33 to 56 form part of these financial statements.

Registered company number 07698631

Cumbria Education Trust

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Statement of cash flows Year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	23	407,232	8,947
Cash flows from investing activities:			
Purchase of tangible fixed assets		(169,426)	(15,797,110)
Capital grants from DfE Group		138,378	15,762,971
Net cash used in investing activities		(31,048)	(34,139)
Cash flows from financing activities:			
Cash inflows from new borrowing		367	347
Net cash provided by financing activities		367	347
Change in cash and cash equivalents in the year		376,551	(24,845)
Cash and cash equivalents brought forward		564,658	589,503
Cash and cash equivalents carried forward		941,209	564,658

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Notes to the financial statements Year ended 31 August 2018

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Cumbria Education Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern.

In making their assessment the trustees have considered the budgets of all schools within the Trust for the coming academic year and beyond, and the measures in place within the Trust to carefully monitor spend in year, and the ability of the Trust to react to changes imposed externally, such as changes to funding formulae. Although cashflow remains a focus for the Trust as it grows, the trustees are satisfied with the internal controls and procedures in place to manage this on a day to day basis.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Cumbria Education Trust

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 August 2018

1. Accounting policies (continued)

1.3 Income

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

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

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

Cumbria Education Trust

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Notes to the financial statements Year ended 31 August 2018

1. Accounting policies (continued)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% (50 years)
Leasehold property	-	2% (50 years)
Fixtures and fittings	-	15% (6 - 7 years)

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

Cumbria Education Trust

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Notes to the financial statements

Year ended 31 August 2018

1. Accounting policies (continued)

1.6 Liabilities

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

1.7 Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation, Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased Assets

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

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Stocks

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.11 Taxation

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

Cumbria Education Trust

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Notes to the financial statements Year ended 31 August 2018

1. Accounting policies (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

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

Cumbria Education Trust

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Notes to the financial statements

Year ended 31 August 2018

1. Accounting policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The only significant area of judgement is the useful economic lives of fixed assets, details of which are given above.

1.15 Prior year adjustment

Income and expenditure in the prior year have been restated to reflect a reduction of £865,000 to correct an error in the figures previously presented. There is no impact on the net result or year end position of the Trust as at 31 August 2017.

Cumbria Education Trust

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Notes to the financial statements Year ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Assets donated from predecessor trust	(77,260)	(495,000)	1,141,045	568,785	614,403
Donations	333,741	-	-	333,741	383,638
Capital Grants	-	-	-	-	15,700,000
Subtotal	333,741	-	-	333,741	16,083,638
	256,481	(495,000)	1,141,045	902,526	16,698,041
Total 2017	441,860	(689,219)	16,945,400	16,698,041	

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,856,010	12,856,010	12,347,766
Other EFSA grants	-	2,461,538	2,461,538	1,582,458
Social inclusion	-	570,549	570,549	631,740
Capital grants	-	138,378	138,378	62,971
	-	16,026,475	16,026,475	14,624,935
Total 2017	-	14,624,935	14,624,935	

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Notes to the financial statements Year ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities and other income	435,830	-	435,830	572,960
Total 2017	572,960	-	572,960	

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	367	-	367	347
Total 2017	347	-	347	

6. Other incoming resources

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds (as restated) 2017 £
Miscellaneous income including catering and transport	-	373,651	373,651	432,264
Total 2017	-	432,264	432,264	

7. Costs of generating voluntary income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Costs of school trips and other associated activities	383,614	-	383,614	326,455
Total 2017	326,455	-	326,455	

Cumbria Education Trust

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Notes to the financial statements Year ended 31 August 2018

8. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	-	-	383,614	383,614	326,455
Academy's educational operations					
Direct costs	11,619,531	-	1,440,916	13,060,447	12,680,050
Support costs	1,646,461	1,290,823	1,427,064	4,364,348	5,056,493
Services to other schools	-	-	210,597	210,597	-
	<u>13,265,992</u>	<u>1,290,823</u>	<u>3,462,191</u>	<u>18,019,006</u>	<u>18,062,998</u>
Total 2017	<u>12,906,910</u>	<u>1,075,797</u>	<u>4,080,291</u>	<u>18,062,998</u>	

9. Support costs

	Academy's educational operations £	Total 2018 £	Total 2017 £
Pension interest cost	186,000	186,000	186,000
Maintenance of premises and equipment	213,019	213,019	191,276
Cleaning	332,817	332,817	277,671
Rent and rates	68,479	68,479	69,759
Heat and light	207,239	207,239	234,086
Insurance	93,615	93,615	70,719
Transport	200,122	200,122	197,410
Catering	193,169	193,169	121,346
Technology costs	133,165	133,165	189,602
Bank interest and charges	2,296	2,296	2,334
Other support costs	437,854	437,854	493,022
Depreciation	901,112	901,112	743,077
Wages and salaries	1,154,114	1,154,114	1,162,670
National insurance	69,625	69,625	74,394
Pension cost	171,722	171,722	177,970
	<u>4,364,348</u>	<u>4,364,348</u>	<u>4,191,336</u>
Total 2017	<u>4,191,336</u>	<u>4,191,336</u>	

During the year ended 31 August 2018, the Trust incurred the following Governance costs:
External audit fees £15,000 (2017: £12,000)

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Notes to the financial statements Year ended 31 August 2018

10. Other expenditure

	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Disposal of previous school building	-	-	5,839,540
Total 2017	5,839,540	5,839,540	

11. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Unrecoverable debts	1,691	-	Write off of older balances
Stock losses	44,319	-	Change in uniform at one school

12. Net incoming / (outgoing) resources

This is stated after charging / (crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	532,778	426,597
- leased by the charity	368,334	120,460
Stock write off	44,319	-
Bad debt provision	26,191	33,353
Operating lease rentals	12,845	4,000
Audit of these financial statements	12,000	10,250

Fees paid to the Trust's auditors for other assurance services amounted to £3,000 (2017: £1,750).

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Notes to the financial statements Year ended 31 August 2018

13. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	9,787,402	9,409,859
Social security costs	955,919	902,927
Operating costs of defined benefit pension schemes	2,030,652	1,936,911
	<u>12,773,973</u>	<u>12,249,697</u>
Agency staff costs	446,497	541,990
Staff restructuring costs	45,522	115,223
	<u>13,265,992</u>	<u>12,906,910</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	-	115,223
Severance payments	45,522	-
	<u>45,522</u>	<u>115,223</u>

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

Severance payments comprise non contractual payments to 6 individuals made under settlement agreements. Individually the payments were: £11,764 on 30 November 2017, £1,250 on 19 February 2018, £6,000 on 28 February 2018, and amounts of £14,208, £9,300 and £3,000 on 31 August 2018.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	166	150
Administration and support	215	230
Leadership	24	18
	<u>405</u>	<u>398</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teaching staff	172	138
Support staff	118	125
Leadership	17	17

Cumbria Education Trust

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Notes to the financial statements

Year ended 31 August 2018

13. Staff costs (continued)

	307	280
d. Higher paid staff		
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:		
	2018	2017
	No.	No.
In the band £60,001 - £70,000	5	4
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
In the band £130,001 - £140,000	0	1
In the band £140,000 - £150,000	1	0

All the employees above participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £107,587 (2017: £90,734).

e. Key management personnel

The total amount of employee benefits (including employer pension contributions) received by key management personnel (trustees and senior management) for their services to the academy trust was £792,250 (2017: £523,085). The increase is attributed to new academies joining the Trust and changes within the Senior Leadership Team as the Trust develops and grows.

14. Central services

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

- Finance, HR, IT, Safeguarding support and advice, Estates Management, CCIF Bids, Governance and compliance, web-site compliance and development, media and legal support and a Conference venue. In addition it provides a wide range of school improvement services.

The Trust charges for these services on the following basis:

The trust apportions central costs to the different schools based upon headcount.

The actual amounts charged during the year were as follows:

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
William Howard School	459,297	470,445
Workington Academy	264,157	291,218
Yewdale Primary School	69,632	63,467
Longtown Primary School	57,400	40,028
Yanwath Primary School	36,496	-
Tebay Primary School	10,360	-
Total	897,342	865,158

Cumbria Education Trust

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Notes to the financial statements Year ended 31 August 2018

15. Trustees' remuneration and expenses

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

		2018 £	2017 £
L Hughes, Chief Executive Officer	Remuneration	140,000-145,000	130,000-135,000
	Pension contributions paid	25,000-30,000	20,000-25,000

During the year ended 31st August 2018, travel and subsistence expenses totalling £264 (2017: £153) were reimbursed or paid directly to 1 trustees (2017: 1 trustees).

16. Trustees' and Officers' Insurance

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

17. Tangible fixed assets

	Freehold property £	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost					
At 1 September 2017	17,499,514	17,283,400	631,288	562,264	35,976,466
Additions	-	109,960	8,147	51,319	169,426
Assets acquired from other academy trusts on merger	-	1,081,920	35,379	9,561	1,126,860
At 31 August 2018	17,499,514	18,475,280	674,814	623,144	37,272,752
Depreciation					
At 1 September 2017	1,046,881	177,539	278,239	495,593	1,998,252
Charge for the year	340,137	368,334	71,815	120,826	901,112
On revalued assets	-	200,000	-	-	200,000
At 31 August 2018	1,387,018	745,873	350,054	616,419	3,099,364
Net book value					
At 31 August 2018	16,112,496	17,729,407	324,760	6,725	34,173,388
At 31 August 2017	16,452,633	17,105,861	353,049	66,671	33,978,214

Included within freehold and leasehold land and buildings is land of £3,937,000 (2017: £3,937,000) which is not depreciated.

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Notes to the financial statements

Year ended 31 August 2018

17. Tangible fixed assets (continued)

Leasehold premises are leased from the local authority on 125 year leases for nil consideration. They are included within the financial statements at valuation based upon readily available valuations prepared by Education & Skills Funding Agency. During the year, the Longtown Primary School site was revalued downwards to the valuation available.

18. Stocks

	2018 £	2017 £
Goods for resale	32,759	43,351

19. Debtors

	2018 £	2017 £
Trade debtors	111,122	176,490
VAT recoverable	130,166	96,369
Other debtors	74,029	105,522
Prepayments and accrued income	231,939	245,732
	547,256	624,113

20. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	352,335	299,385
Other taxation and social security	427,243	396,742
Other creditors	53,632	18,079
Accruals and deferred income	154,174	240,745
	987,384	954,951

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	64,626	22,943
Resources deferred during the year	93,758	64,626
Amounts released from previous years	(64,626)	(22,943)
Deferred income at 31 August 2018	93,758	64,626

Deferred income relates to funding received in advance for the 2018/19 academic year.

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Notes to the financial statements Year ended 31 August 2018

21. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	1,198,540	692,678	(383,614)	(980,000)	-	527,604
Restricted funds						
Restricted Funds	(942,031)	16,261,748	(16,297,280)	983,799	-	6,236
Pension reserve	(7,348,000)	(495,000)	(437,000)	-	1,624,000	(6,656,000)
	<u>(8,290,031)</u>	<u>15,766,748</u>	<u>(16,734,280)</u>	<u>983,799</u>	<u>1,624,000</u>	<u>(6,649,764)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	33,998,876	1,279,423	(901,112)	(3,799)	(200,000)	34,173,388
Total restricted funds	<u>25,708,845</u>	<u>17,046,171</u>	<u>(17,635,392)</u>	<u>980,000</u>	<u>1,424,000</u>	<u>27,523,624</u>
Total of funds	<u>26,907,385</u>	<u>17,738,849</u>	<u>(18,019,006)</u>	<u>-</u>	<u>1,424,000</u>	<u>28,051,228</u>

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

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the governors. Unrestricted income funds also represent the school funds which are used to administer other funds such as extra curricular school events or trips.

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

Restricted income funds comprise all other restricted funds received by the Trust and include grants from the Education and Skills Funding Agency and the Department of Education.

Transfers between funds represent contributions made from unrestricted funds to cover prior year deficits in the educational operations of the Trust.

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Notes to the financial statements

Year ended 31 August 2018

21. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Cumbria Education Trust	726,802	297,392
William Howard School	(67,460)	(30,582)
Workington Academy	(40,493)	-
Yewdale Primary School	(45,604)	(10,301)
Longtown Primary School	1,483	-
Tebay Primary School	(36,665)	-
Yanwath Primary School	(4,223)	-
Total before fixed asset fund and pension reserve	533,840	256,509
Restricted fixed asset fund	34,173,388	33,998,876
Pension reserve	(6,656,000)	(7,348,000)
Total	28,051,228	26,907,385

All academies carrying net deficits on their portion of the funds have balanced budgets for 2018/19 and are working towards building reserves as set out in the reserves policy for the Trust.

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Notes to the financial statements

Year ended 31 August 2018

21. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Cumbria Education Trust	-	788,405	-	377,183	1,165,588	1,060,450
William Howard School	5,322,976	647,907	725,769	1,059,257	7,755,909	8,322,550
Workington Academy	3,229,573	615,145	377,879	427,439	4,650,036	5,469,524
Yewdale Primary School	739,858	141,235	55,849	155,657	1,092,599	1,146,326
Longtown Primary School	514,953	161,376	62,562	153,942	892,833	980,616
Tebay Primary School	163,445	34,148	20,189	52,567	270,349	-
Yanwath Primary School	594,925	57,017	60,813	140,825	853,580	-
	<u>10,565,730</u>	<u>2,445,233</u>	<u>1,303,061</u>	<u>2,366,870</u>	<u>16,680,894</u>	<u>16,979,466</u>

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	509,828	1,015,167	(326,455)	-	-	1,198,540
Restricted funds						
Restricted Funds	(252,930)	15,737,385	(16,383,466)	(43,020)	-	(942,031)
Pension reserve	(8,129,000)	(579,000)	(610,000)	-	1,970,000	(7,348,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	23,518,321	17,020,152	(6,582,617)	43,020	-	33,998,876

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Notes to the financial statements Year ended 31 August 2018

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	509,828	1,015,167	(326,455)	-	-	1,198,540
	-	692,678	(383,614)	(980,000)	-	(670,936)
Restricted funds						
Restricted Funds	(252,930)	31,999,133	(32,680,746)	940,779	-	6,236
Pension reserve	(8,129,000)	(1,074,000)	(1,047,000)	-	3,594,000	(6,656,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	23,518,321	18,299,575	(7,483,729)	39,221	(200,000)	34,173,388
	15,136,391	49,224,708	(41,211,475)	980,000	3,394,000	27,523,624
Total of funds	15,646,219	50,932,553	(41,921,544)	-	3,394,000	28,051,228

22. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	34,173,388	34,173,388
Current assets	531,403	989,821	-	1,521,224
Creditors due within one year	-	(987,384)	-	(987,384)
Provisions for liabilities and charges	1,187,000	(7,843,000)	-	(6,656,000)
	527,604	(6,649,764)	34,173,388	28,051,228

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Notes to the financial statements Year ended 31 August 2018

22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	33,978,214	33,978,214
Current assets	1,198,540	12,921	20,662	1,232,123
Creditors due within one year	-	(954,952)	-	(954,952)
Provisions for liabilities and charges	-	(7,348,000)	-	(7,348,000)
	<u>1,198,540</u>	<u>(8,290,031)</u>	<u>33,998,876</u>	<u>26,907,385</u>

23. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(280,157)	9,291,166
Adjustment for:		
Depreciation charges	901,112	743,077
Dividends, interest and rents from investments	(367)	(347)
Loss on the sale of fixed assets	-	5,839,540
Decrease in stocks	10,592	6,794
Decrease/(increase) in debtors	76,856	(37,871)
Increase/(decrease) in creditors	32,434	(14,041)
Capital grants from DfE and other capital income	(138,378)	(15,762,971)
Defined benefit pension scheme obligation inherited	495,000	701,000
Defined benefit pension scheme cost less contributions payable	251,000	286,000
Defined benefit pension scheme finance cost	186,000	202,000
Net (loss) on assets and liabilities from local authority on conversion or predecessor trust on transfer	(1,126,860)	(1,245,400)
Net cash provided by operating activities	<u>407,232</u>	<u>8,947</u>

24. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	941,209	564,658
Total	<u>941,209</u>	<u>564,658</u>

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Notes to the financial statements

Year ended 31 August 2018

25. Academies entering the Trust

On 1 September 2017 the trust took control of Tebay Primary School and Yanwath Primary, which had previously formed Building Futures Enterprise Academy Trust. All the operations and assets and liabilities were transferred to Cumbria Education Trust for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	1,081,920	1,081,920
- Other tangible fixed assets	-	-	44,940	44,940
LGPS pension surplus/(deficit)	-	(495,000)	-	(495,000)
Other identified assets and liabilities	(77,260)	-	14,185	(63,075)
Net assets/(liabilities)	(77,260)	(495,000)	1,141,045	568,785

26. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

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Notes to the financial statements Year ended 31 August 2018

26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £925,000 (2017 - £893,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £842,000 (2017 - £757,000), of which employer's contributions totalled £682,000 (2017 - £605,000) and employees' contributions totalled £160,000 (2017 - £152,000). The agreed contribution rates for future years are 24% for employers and 5.8% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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Year ended 31 August 2018

26. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	23.2	23.1
Females	25.8	25.7
Retiring in 20 years		
Males	25.5	25.4
Females	28.5	28.4

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(385)	(660)
Mortality assumption - 1 year increase	283	232
CPI rate +0.1%	395	349

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,562,000	3,782,000
Government bonds	1,604,000	1,404,000
Other bonds	590,000	494,000
Property	853,000	625,000
Cash and other liquid assets	553,000	417,000
Other	1,171,000	995,000
Total market value of assets	<u>9,333,000</u>	<u>7,717,000</u>

The actual return on scheme assets was £422,000 (2017 - £507,000).

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Notes to the financial statements Year ended 31 August 2018

26. Pension commitments (continued)

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

	2018 £	2017 £
Current service cost	(908,000)	(892,000)
Interest income	215,000	134,000
Interest cost	(401,000)	(320,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(9,000)	-
Admin expenses	(16,000)	(15,000)
Total	(1,119,000)	(1,093,000)

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

	2018 £	2017 £
Opening defined benefit obligation	15,065,000	13,339,000
Upon conversion	-	1,277,000
Transferred in on existing academies joining the trust	1,047,000	-
Current service cost	908,000	892,000
Interest cost	401,000	320,000
Employee contributions	160,000	152,000
Actuarial gains	(1,418,000)	(811,000)
Benefits paid	(147,000)	(104,000)
Losses on curtailments	9,000	-
Closing defined benefit obligation	16,025,000	15,065,000

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

	2018 £	2017 £
Opening fair value of scheme assets	7,717,000	5,210,000
Interest income	215,000	134,000
Actuarial losses	206,000	1,159,000
Employer contributions	682,000	605,000
Employee contributions	160,000	152,000
Transfer/Benefits paid	(147,000)	(104,000)
Administration expenses	(16,000)	(15,000)
Business combinations	552,000	576,000
Closing fair value of scheme assets	9,369,000	7,717,000

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Notes to the financial statements Year ended 31 August 2018

27. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	17,556	12,883
Between 1 and 5 years	24,900	17,530
Total	<u>42,456</u>	<u>30,413</u>

28. Related party transactions

During the year the CEO worked 1 day a week for the Cumbria Alliance of System Leaders (CASL). This brought additional income of £8,000 (September 2017 to December 2017) (2017: £24,000 for the full year) which the trustees chose, due to the operational context within CET, to pass onto the CEO. From January 2019 this service ceased. In addition, during 2018, the CEO provided monitoring support at other schools for which the Trust received additional funding and of which £7,800 (2017: £nil) was passed onto the CEO for additional duties undertaken.

The Trust received income of £30,476 (2017: £33,257) to Cumbria Alliance of Systems Leaders and had a year end balance due of £21,367 (2017: £16,628). Sales of £nil (2017: £90) were made to the University of Cumbria, together with purchases of £480 (2017: £1,250). There were no year end balances outstanding with this entity.

29. Post balance sheet events

As noted in the future developments section of the Trustees' report, The Whitehaven Academy joined CET on 1 December 2018. Plans will continue to consider other schools in the local area joining the Trust throughout the year as and when opportunities are presented.