



CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

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CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	A Laher (appointed 25 April 2019) D Woodward (appointed 25 April 2019) I Shafiq (appointed 25 April 2019)
Trustees	G Arnold (appointed 11 June 2019) R Butterfield (appointed 25 April 2019) G Hussain (appointed 25 April 2019) R Jamil (appointed 25 April 2019) A Kneeshaw, Chief Executive Officer (appointed 25 April 2019) G Logan, Chair of Trustees (appointed 25 April 2019) A Sheikh (appointed 11 June 2019) K Singh (appointed 25 April 2019) D Thompson (appointed 25 April 2019)
Company registered number	11963458
Company name	Carlton Academy Trust
Principal and registered office	Carlton Bolling Undercliffe Lane Bradford BD3 0DU
Company secretary	Schofield Sweeney
Accounting Officer	A Kneeshaw
Senior management team	A Kneeshaw, Chief Executive Officer J Girt, Head of School S Charlton, Director of School Improvement L Reeder, Chief Financial Officer
Independent auditors	BHP LLP New Chartford House Centurion Way Cleckheaton BD19 3QB
Bankers	Lloyds Bank plc 45 Hustlergate Bradford BD1 1NT

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Solicitors	Schofield Sweeney Church Bank House Church Bank Bradford BD1 4DY
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CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 25 April 2019 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The academy trust was incorporated on 25 April 2019 and is currently a single-academy trust, which comprises Carlton Bolling a large secondary school located in the inner-city area of Bradford (which joined the trust on 1 June 2019 on conversion). There are approximately 1500 students on school roll.

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Carlton Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Carlton Academy Trust.

Details of the trustees who served during the period, and to the date these accounts are approved are included in the Reference and Administrative details at the start of this document.

The principal activities and objectives of the trust are the advancement of education for public benefit in England by establishing, maintaining and developing high performing schools.

Structure, governance and management

● ***Constitution***

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

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Carlton Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Carlton Academy Trust.

Details of the Trustees who served during the period, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

● ***Members' liability***

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

● ***Trustees' indemnities***

The academy trust has purchased cover to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. This is provided under the DfE's Risk Protection Arrangement.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Structure, governance and management (continued)

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

All trustees are appointed based on the perceived level of contribution they can make to the trust. This includes possessing relevant skills in areas of required expertise, as well as being able to devote sufficient time to expedite these skills effectively. No trustees, with the exception of the Chief Executive Officer, receive remuneration for their services except for reasonable expenses incurred within the scope of their duties.

Trustees were all appointed through reference to professional contacts of the Chair of Trustees and Chief Executive Officer. However, there may be recourse to appropriate agencies such as Academy Ambassadors to locate suitable personnel.

All current and future trustees have and will be provided with an induction, outlining the responsibilities of the role and specific requirements relating to their area of expertise.

● ***Policies adopted for the induction and training of Trustees***

Induction and training includes the provision of trust policies and procedures, and meetings with the CEO to outline the scope of their specific responsibilities. They will also be provided with access to external training and relevant statutory documents to enable them to have a greater appreciation of the role.

● ***Organisational structure***

The members of the trust define the object, purpose and ethos of the trust. The Trustees, who form the Trust Board, have overall responsibility and decision making authority for all the work of the trust, including the establishing and running of the school.

The trustees (trust board) have overall responsibility and ultimate decision-making authority for the effective operation of the academy trust. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance appraisal, the setting and monitoring of standards and the implementation of quality assurance processes.

Trustees have the power to direct change where required to ensure that the object, purpose and ethos of the trust are met. They delegate their responsibilities for the daily operation of the academy to the Executive Senior Leadership Team.

The Chief Executive Officer (CEO) is the most senior of the senior leadership team, implementing the policies laid down by trustees and reporting back to them. Alongside the Head of School, they are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to other senior leaders or other managers/appropriate staff within the academy according to clearly defined parameters, above which the approval of the Head of School or CEO is required. The structure and operation of the trust follow the guidelines set out in the Academies Financial Handbook.

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

The pay and remuneration of the senior management team was approved by the board with reference to headteacher pay ranges in the DfE's guidance on the school teachers pay and conditions document and market rates in the sector.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Structure, governance and management (continued)

● ***Related parties and other connected charities and organisations***

The Carlton Academy Trust is also responsible for the leadership and management of University Academy Keighley, a secondary school of just under 600 students. The trust has been working with UAK under a Service Level Agreement since September 2018, with the academy being granted Regional Schools Commissioner (RSC) approval for it join the Carlton Trust subject to financial due diligence in November 2018. Due diligence now solely relates to resolving issues relating to PFI payments, and there is evidence to suggest confidence this will be resolved in the near future. In the interim, UAK is being operated in a manner as if it was a de-facto part of the trust, being charged a top slice for central services and executive leadership support.

Carlton has also been offering informal support to a Bradford primary school (Lister Primary) which will soon be joining the trust. This is to ensure maximal operational and financial efficiency of the school at the time of conversion, thereby effecting a smooth transition in to the trust. Support has comprised many areas including governance, executive leadership, finance, and HR. There has also been similar support on a smaller scale to another Bradford primary that looks likely to join the trust in 2019-20.

The trust works jointly with Bradford College, as part of the college's Initial Teacher Training programme. Here the trust offers insight of how to effectively structure the course, and providing Carlton Bolling branding to assist in the advertisement and promotion of the programme. This only involves a small 'internal' cost to the trust, but in turn provides detailed knowledge and access to new teachers coming through the programme.

Objectives and activities

● ***Objects and aims***

Carlton Academy Trust's mission is 'Excellence for All', with all students irrespective of race, gender, culture or other defining characteristic targeted and encouraged to aspire to the very highest standards in all areas of their school life and beyond.

This trust aims to achieve these aims through:

Moral Purpose: The interests of students are paramount and the focus of all we do, instilling in them the benefits of personal responsibility, hard work, resilience, honesty and integrity.

High Expectations: Setting of the highest expectations for academic achievement, with no compromise for students due to social or economic disadvantage, ability, gender, cultural, religious or other factors.

Outstanding Behaviour, Discipline and Conduct: As these are the essential pre-requisites for outstanding learning, progress and achievement.

Focus on Learning: Maximal resources are deployed to activities directly relating to the teaching and learning, and the wider educational development of students. These represent the prime focus and objectives of the trust.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Objectives and activities (continued)

Financial and Operational Efficiency: To ensure maximal deployment of resources to the teaching and learning and wider educational development of students. In doing this the trust operates the Japanese philosophy of 'Kaizen'. Kaizen is a Japanese business philosophy meaning "change for the better" or "continuous improvement." It looks to develop productivity in a gradual and methodical way through improving everyday procedures, ensuring employee satisfaction, and making a job more fulfilling, less tiring, and safer.

● **Public benefit**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

● **Going concern**

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

● **Key performance indicators**

Performance Measure	2018	2019
Progress 8	0.45	0.34
Maths Progress	0.45	0.26
English Progress	0.11	0.08
Ebacc Progress	-0.04	-0.17
Open Subjects Progress	1.13	1.10
Basics at Level 5+	30%	23%
Basics at Level 4+	59%	42%
Average Attainment 8	44.5	38.96
Progress 8 Disadvantaged	0.27	0.24
Progress 8 Non-Disadvantaged	0.62	0.41
Progress 8 Boys	0.22	0.19
Progress 8 Girls	0.76	0.55
Progress 8 LAP'S	0.58	0.33
Progress 8 MAP's	0.41	0.35
Progress 8 HAP's	0.32	0.35

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Carlton Bolling again produced very strong results in line with its' status as an Outstanding school. It attained a Progress 8 score of 0.34, just slightly down on the 2018 score of 0.45. The difference can largely be attributed to the following issues:

Science: Here ongoing issues relating to leadership of the faculty led to a notable drop in performance.

Maths: Results dropped back from 0.45 to 0.26. Although these still represent strong outcomes, the fall had a noticeable effect on overall outcomes.

Gender Balance: In 2018 there was an equal gender split in Year 11, whilst in 2019 57% of the exam cohort were boys and 43% girls. Considering that girls significantly outperform boys both nationally and at Carlton Bolling, this gender in-balance has had a moderating effect on results. This effect is significant, accounting for around half the fall in Progress 8 from 2018.

Performance in English was in line with 2018 performance, whilst the Open subjects continued their exceptional performance from 2018 with an overall P8 score of 1.10. The worst performing area in 2018-19 was the Ebacc group of subjects at -0.17, which was a slight drop on 2018. Science was the major factor here, but there were highpoints within this area with Modern Foreign Languages registering strong results, and both History and Geography continuing their improvement and registering their best results over many years.

The performance of individual student groups was strong overall. All prior ability student profiles were significantly positive, with all very closely grouped in a range from 0.33 to 0.35. The performance of Disadvantaged students was also very strong at 0.24, well in excess of national averages, and the gap between performance of disadvantaged and non-disadvantaged students was very small at 0.17. This is far less than the national average. However, the performance of boys still merits attention, as it still significantly lags behind that of girls. However, the gap in performance did drop between 2018 and 2019 and at 0.36 is significantly less than national averages.

Carlton Bolling achieved the World Class Schools Quality Mark accreditation in December 2018 and Secondary School of the Year at the BBC/Pearson National Teaching Awards in October 2019.

In July 2019, Carlton Bolling closed the KS5 provision at the school.

Financial review

● ***Review of financial period***

The majority of income for educational operations received by Carlton Academy Trust during the period was from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants. The grants received to support the Academy Trust are restricted in their use to the purposes defined in the master funding agreement and deed of grant. In addition to these grants the academy also receives income from University Academy Keighley through the current SLA.

The Carlton Academy Trust also receives capital grants from the ESFA. In accordance with the 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.

TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

During the period ended 31 August 2019, total income was £3,486,332 with the Trust recording an in-period surplus of £541,842.

As at 31 August 2019 the net book value of tangible fixed assets was £1,273,655.

As at the 31 August 2019 the trust has cash reserves and cash balances on deposit of £322,367.

● ***Reserves policy***

The trust will review the level of reserves on an annual basis. At the end of August 2019, unrestricted funds, restricted general funds and restricted fixed asset funds carried forward were £1,290,144, £245,681 and £1,446,017 respectively. Free reserves were calculated to be £1,708,187. This is principally being earmarked for proposed capital works to the Technical Studies centre, resources to pay for the effective development of trust central services and infrastructure, and to fund the development in primary expertise. The trust has also defined the appropriate level of reserves, at this initial stage of trust development, to be 8.33% or one month of planned expenditure. This should provide a sufficient margin to deal with unexpected emergencies such as urgent maintenance or cashflow problems. There is also provision within reserves to cover the cashflow issues associated with the closure of KS5 provision.

● ***Investment policy***

The trustee's investment powers are governed by the Memorandum and Articles of Association, and allow the charity's funds to be invested into a range of investment vehicles without restriction. Reserves will be invested into products which have a low risk profile with no risk to capital and protected by the Financial Services Compensation Scheme, thereby following guidelines in the Academies Financial Handbook.

● ***Principal risks and uncertainties***

The on-going uncertainties relating to UAK, and whether an acceptable solution can be found to the PFI payments issue, represents one of the major risks and uncertainties facing the trust. In order to ensure effective and accelerated school improvement at UAK, the trust has had to employ several key staff on Carlton Trust contracts as opposed to UAK contracts. These include the Head of School, and Assistant Principal, and Lead Head of Year. Without this, these key staff would not have been willing to work at UAK, as this provides enhanced job security. Although the staffing costs are re-charged to UAK, there is a potential for expensive overstaffing in the trust if the SLA were to terminate. This is somewhat mitigated by the two terms notice period stated in the SLA, and the success of the trust in effecting school improvement to this juncture.

The success of the trusts' expansion in to the primary sector is also contingent upon it securing the services of primary school improvement expertise. This will provide the capacity and specialist knowledge to raise standards in the primary schools to the levels expected by the trust. Without this it will likely founder and struggle. In order to address this, the trust has been in discussion with a number of high-performing primary specialists. At the time of writing, all have indicated a strong preference to work with the trust in this capacity and these arrangements will be formalised in the near future.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Cash flow and the nature of lagged funding for academies/schools, has also created a financial risk for the trust following the closure of KS5 provision. In 2018-19, Carlton Bolling had approximately 110 students in KS5, which normally would have been the basis for funding the following year. However, DFE guidelines state that when KS5 provision closes an institution cannot receive funding for that provision in the following year. This means that we are losing approximately £450k in lagged student-led funding. This situation would be reasonable if it were not for the school taking on an additional 85 students in years 7-11, with 325 students coming in to Year 7 replacing the 240 leaving in Year 11. This means we have taken on a significant number of additional students, without the extra funding in 2019-20 to pay for them. This cashflow problem will continue for the next two years as the roll at Carlton Bolling continues to expand. Despite these challenges, strong financial management has ensured that Carlton Bolling will have projected balanced budgets or small surpluses for this period.

As a small trust, there is also a heightened danger and risk of key strategic personnel leaving or being absent at a critical stage of its' growth and development. Whilst the absence of high-performing key personnel would impact any trust, this has a larger effect on smaller trusts such as Carlton which does not have the internal capacity to replace them. The danger of losing these people through 'headhunting' from other MAT's can be mitigated by trustees creating a supportive culture and ensuring competitive remuneration packages so that potential approaches are less attractive. Absences through ill-health can also be mitigated by the potential use of Employee Assistance Programmes or private health insurance.

● **Pension reserve**

There is a declared deficit on the defined benefit pension scheme (Local Government Pension Scheme, LGPS) for associate staff. Whereas the value is significant, it is the norm nationwide.

This deficit currently stands at £2.44m for the period end 31st August 2019.

Fundraising

The Academy Trust has not actively participated in fundraising practices in the financial period. However, the Trustees are aware of the requirements of the Charities (Protection and Social Investment) Act 2016 in relation to fundraising practices.

Plans for future periods

The trust has ambitious expansion plans across various educational sectors over the following year. This is part of its' plan to become an established trust of scale over the next two to three years, with around ten schools and 5000 students taught at trust schools. As found in the corporate world, the Carlton Academy Trust will sit at the centre acting as a Head Office or administrative core, supporting each separate yet closely linked operational divisions. These divisions will be as described below, with each articulating current status and 2019-20 priorities.

Secondary

There has been considerable progress at UAK over 2018-19, which is in excess of what could reasonably have been expected at the outset of the year. With it now on a secure and rapid improvement journey, this now provides the trust with the capacity to support other secondary schools with a view to bringing them in to the trust. This position has been conveyed to the relevant authorities and as such is pro-actively working to find another school.

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TRUSTEES' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2019

Plans for future periods (continued)

Primary

The trust is keen to expand its' provision in to the primary sector, which it sees as its most accessible route to expansion within Bradford. It is already working with two Bradford schools, supporting both their administrative and school improvement functions. One of these (Lister Primary) has been granted RSC approval for them to join the trust, whilst the second will be making an application to join the trust in the near future. There has also advanced discussions with a very high performing local primary school, who can provide significant resource and expertise to all primary schools in the trust, developing and overseeing standard operating systems.

Initial Teacher Training

Effective recruitment is essential to the continued success of any trust. As such, the trust will be looking to expand its' links to Initial Teaching Training providers in 2019-20. This will comprise closer links to recruitment from Bradford College, as well as looking to expand associations with other providers.

Central and Administrative Services

Although these have been a discernible strength of the trust founder school Carlton Bolling, provision in both HR and Finance will be benchmarked in 2019-20 to ensure they are optimally structured to support the trusts' expansion plans. External reviews from respected companies in each sector will be commissioned to undertake these assessments.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors and signed on its behalf by:



G Logan

Chair of Trustees

Date: 16 December 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Carlton Academy 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 board of trustees has formally met once this period. This is congruent with the report covering the period June 1 to 31 August 2019. This comprised one half term of term time, which means the trust met at the rate of once per half term, which will be the on-going standard schedule.

Attendance during the period at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Arnold	1	1
R Butterfield	1	1
G Hussain	1	1
R Jamil	1	1
A Kneeshaw, Chief Executive Officer	1	1
G Logan, Chair of Trustees	1	1
A Sheikh	1	1
K Singh	1	1
D Thompson	1	1

The board of trustees has an excellent range of skills to ensure they fulfil their roles and responsibilities effectively. The trustees have plans in place to review their effectiveness via skills audits and governing body reviews. As part of their regular cycle of meetings, the trustees review their strategic responsibilities for the continual development and improvement of the academy trust. As the academy trust expands, the trustees recognise the importance of undertaking a skills audit to ascertain skills and experience, whilst identifying any training required.

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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 Academy 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 Academy Trust has delivered improved value for money during the period by:

- **Finance Governance and Oversight**

The trust benefits from the provision of an independent internal audit service from BHP. They will report directly to the Audit Committee on all systems and procedures together with other areas identified in the internal audit programme. The trust also benefits from support throughout the year from its external auditors on compliance and accounting practice.

The Chair of Trustees and CEO receive monthly management accounts, together with a financial update regarding relevant and significant issues. Appropriate action is taken to address any variances that may have an impact on the budget out-turn. The trust board approve the budget each year bearing in mind the requirement to achieve a balanced budget and to ensure that the trust remains a 'going concern'. The Trust Board also receive and approve the Trustees Annual Report and accounts together with external auditors' management letter.

- **Ensuring Value for Money**

Contracts and services are regularly appraised and re-negotiated to ensure value for money. To further enhance this process, the trust will be commissioning the services of an external financial consultancy who will 'benchmark' all contracts and procurement.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Carlton Academy Trust for the period 25 April 2019 to 31 August 2019 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 Academy 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 Academy Trust's significant risks that has been in place for the period 25 April 2019 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Academy 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 full Governing Body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint BHP LLP as internal auditor.

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

- review of petty cash transactions
- review of high expenditure items
- review of payroll procedures and expenses
- review of income transactions
- review of meeting minutes
- review of bank reconciliations

On an annual basis, the internal auditor reports to the board of Trustees through the full Governing Body on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal auditor has delivered their programme of work as planned and confirmed there were no material control issues noted during the testing.

Review of effectiveness

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

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

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the 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 and signed on their behalf by:



.....
G Logan
Chair of Trustees

Date: 16 December 2019



.....
A Kneeshaw
Accounting Officer

CARLTON ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Carlton Academy 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 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



.....
A Kneeshaw
Accounting Officer

Date: 16 December 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2019

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 Academies Accounts Direction published 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 period. 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 2018 to 2019;
- 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 and signed on its behalf by:



G Logan
Chair of Trustees

Date: 16 December 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CARLTON ACADEMY TRUST

Opinion

We have audited the financial statements of Carlton Academy Trust (the 'academy trust') for the period ended 31 August 2019 which comprise the Statement of Financial Activities, 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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 Academy 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.

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CARLTON ACADEMY TRUST (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. 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 including the Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CARLTON ACADEMY TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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.

In preparing the financial statements, the Trustees are responsible for assessing the Academy 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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Lesley Kendrew (Senior Statutory Auditor)

for and on behalf of

BHP LLP

Chartered Accountants

New Chartford House

Centurion Way

Cleckheaton

BD19 3QB

Date: 16 December 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CARLTON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 April 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Carlton Academy Trust during the period 25 April 2019 to 31 August 2019 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 Carlton Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Carlton Academy Trust and 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 Carlton Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Carlton Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Carlton Academy Trust's funding agreement with the Secretary of State for Education dated 22 May 2019 and the Academies Financial Handbook, extant from 1 September 2019, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 25 April 2019 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- checking that the governors and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- checking that any related party transactions during the period are conducted at normal commercial rates,
- checking that academy trust expenditure is permitted by its funding agreement,
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook.

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CARLTON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 25 April 2019 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Lesley Kendrew
Reporting Accountant

BHP LLP
New Chartford House
Centurion Way
Cleckheaton
BD19 3QB

Date: 16 December 2019

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE PERIOD ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Income from:					
Donations and capital grants	3	1,203,410	(1,790,000)	1,524,769	938,179
Charitable activities	4	-	2,405,773	-	2,405,773
Other trading activities	5	142,291	-	-	142,291
Investments	6	89	-	-	89
Total income		1,345,790	615,773	1,524,769	3,486,332
Expenditure on:					
Charitable activities		55,646	2,384,092	78,752	2,518,490
Total expenditure		55,646	2,384,092	78,752	2,518,490
Net movement in funds before other recognised gains/(losses)		1,290,144	(1,768,319)	1,446,017	967,842
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	22	-	(426,000)	-	(426,000)
Net movement in funds		1,290,144	(2,194,319)	1,446,017	541,842
Reconciliation of funds:					
Net movement in funds		1,290,144	(2,194,319)	1,446,017	541,842
Total funds carried forward		1,290,144	(2,194,319)	1,446,017	541,842

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 26 to 49 form part of these financial statements.

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 11963458

BALANCE SHEET
AS AT 31 AUGUST 2019

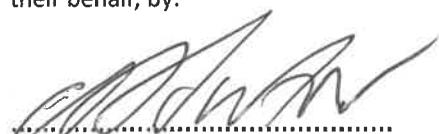
	Note	2019 £
Fixed assets		
Tangible assets	13	1,273,655
		<u>1,273,655</u>
Current assets		
Debtors	14	1,688,370
Cash at bank and in hand		322,367
		<u>2,010,737</u>
Creditors: amounts falling due within one year	15	(302,550)
		<u>1,708,187</u>
Net current assets		1,708,187
Total assets less current liabilities		2,981,842
Net assets excluding pension liability		2,981,842
Defined benefit pension scheme liability	22	(2,440,000)
		<u>541,842</u>
Total net assets		541,842
Funds of the Academy Trust		
Restricted funds:		
Fixed asset funds	16	1,446,017
Restricted income funds	16	245,681
		<u>1,691,698</u>
Restricted funds excluding pension asset	16	1,691,698
Pension reserve	16	(2,440,000)
		<u>(748,302)</u>
Total restricted funds	16	(748,302)
Unrestricted income funds	16	1,290,144
		<u>541,842</u>
Total funds		541,842

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue and are signed on their behalf, by:



.....
G Logan

Date: 16 December 2019

The notes on pages 26 to 49 form part of these financial statements.

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	Note	2019 £
Cash flows from operating activities		
Net cash provided by operating activities	18	322,278
Cash flows from investing activities	19	89
Change in cash and cash equivalents in the period		322,367
Cash and cash equivalents at the end of the period	20	322,367

The notes on pages 26 to 49 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Carlton Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of financial activities in the period 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.

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

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

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy 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 risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (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.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Academy 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 Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets 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 and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a basis over its expected useful life, as follows:

Depreciation is provided on the following basis:

Fixtures and fittings	-	10%	straight line basis
Equipment	-	25%	straight line basis

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.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 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 payments for the goods or services it must provide.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.13 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions (continued)

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

1.14 Conversion to an academy trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Carlton Bolling School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Transfers from Local Authority on conversion	1,203,410	(1,790,000)	1,524,769	938,179

4. Funding for the Academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £
<i>DfE/ESFA grants</i>		
General Annual Grant	2,115,829	2,115,829
Other Dfe/ESFA grants	286,114	286,114
Other	3,830	3,830
	<u>2,405,773</u>	<u>2,405,773</u>

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £
Catering income	24,871	24,871
SLA/salary income	117,420	117,420
	<u>142,291</u>	<u>142,291</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest received	89	89
	<u>89</u>	<u>89</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Education:				
Direct costs	1,689,467	-	60,914	1,750,381
Allocated support costs	496,500	66,603	205,006	768,109
	<u>2,185,967</u>	<u>66,603</u>	<u>265,920</u>	<u>2,518,490</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Education	1,750,381	768,109	2,518,490

Analysis of support costs

	Education 2019 £	Total funds 2019 £
Staff costs	496,500	496,500
Other costs	6,053	6,053
Recruitment and other staff costs	15,546	15,546
Maintenance of premises and equipment	66,603	66,603
Rent and rates	9,548	9,548
Heat and light	19,185	19,185
Security and transport	8,030	8,030
Catering	22,051	22,051
Technology costs	16,717	16,717
Legal and professional	12,674	12,674
Depreciation	78,752	78,752
Governance costs	16,450	16,450
	768,109	768,109

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

9. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2019
	£
Operating lease rentals	4,542
Depreciation of tangible fixed assets	78,752
Fees paid to auditors for:	
- audit	5,000
- other services	3,250
	<u><u> </u></u>

CARLTON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

10. Staff costs

a. Staff costs

Staff costs during the period were as follows:

	2019
	£
Wages and salaries	1,527,621
Social security costs	148,684
Pension costs	442,317
	<hr/>
	2,118,622
Agency staff costs	36,345
Staff restructuring costs	31,000
	<hr/>
	2,185,967
	<hr/> <hr/>

Staff restructuring costs comprise:

	2019
	£
Severance payments	31,000
	<hr/>
	31,000
	<hr/> <hr/>

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

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £31,000. Individually, the payments were: £18,000 and £13,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Staff numbers

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

	2019
	No.
Teachers	121
Administration and support	125
Management	4
	<hr/>
	250
	<hr/> <hr/>

d. Higher paid staff

No employee received remuneration amounting to more than £60,000 in the period.

e. Key management personnel

The key management personnel of the academy trust comprise the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust during the period was £123,502.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2019
	£
A Kneeshaw, Chief Executive Officer (from 1 June 2019)	45,000 - 50,000

A Kneeshaw's remuneration includes, not only pay as Chief Executive Officer at Carlton Academy Trust, but also includes payments to him for his role as headteacher at Tracks Education and advisory services to University Academy Keighley, as disclosed at note 25.

During the period ended 31 August 2019, expenses totalling £475 were reimbursed or paid directly to 1 Trustee.

12. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of 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 membership.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

13. Tangible fixed assets

	Furniture and equipment £
<i>Cost or valuation</i>	
Transferred from Local Authority on conversion	1,352,407
At 31 August 2019	1,352,407
<i>Depreciation</i>	
Charge for the period	78,752
At 31 August 2019	78,752
<i>Net book value</i>	
At 31 August 2019	1,273,655

14. Debtors

	2019 £
<i>Due within one year</i>	
Trade debtors	200
Other debtors	42,099
Prepayments and accrued income	1,646,071
	1,688,370

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

15. Creditors: Amounts falling due within one year

	2019
	£
Trade creditors	107,561
Other taxation and social security	147,834
Accruals and deferred income	47,155
	<hr/>
	302,550
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

16. Statement of funds

	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds				
General funds	1,345,790	(55,646)	-	1,290,144
Restricted general funds				
General Annual Grant (GAG)	2,115,829	(1,985,252)	-	130,577
Other grants	289,944	(174,840)	-	115,104
Pension reserve	(1,790,000)	(224,000)	(426,000)	(2,440,000)
	<u>615,773</u>	<u>(2,384,092)</u>	<u>(426,000)</u>	<u>(2,194,319)</u>
Restricted fixed asset funds				
Fixed assets transferred on conversion	1,352,407	(78,752)	-	1,273,655
Unspent capital funds received on conversion	172,362	-	-	172,362
	<u>1,524,769</u>	<u>(78,752)</u>	<u>-</u>	<u>1,446,017</u>
Total Restricted funds	<u>2,140,542</u>	<u>(2,462,844)</u>	<u>(426,000)</u>	<u>(748,302)</u>
Total funds	<u>3,486,332</u>	<u>(2,518,490)</u>	<u>(426,000)</u>	<u>541,842</u>

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

The General Annual Grant (GAG) has been provided by the ESFA in order to fund the normal running costs of the academy trust. The carried forward balance will be applied in future years to enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs.

Other ESFA grants are allocated against the particular purpose for which they are provided.

The restricted pension reserve represents the deficit in the trust's share of the Local Government Pension Scheme as at 31 August 2019.

Restricted fixed asset funds represent the value of the tangible fixed assets and funds allocated for future capital projects.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

16. Statement of funds (continued)

Other restricted funds relate to funds held on behalf of Carlton Academy Trust for specific activities governed by the terms of the grant.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	1,273,655	1,273,655
Current assets	1,290,144	548,231	172,362	2,010,737
Creditors due within one year	-	(302,550)	-	(302,550)
Provisions for liabilities and charges	-	(2,440,000)	-	(2,440,000)
Total	1,290,144	(2,194,319)	1,446,017	541,842

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

18. Reconciliation of net income to net cash flow from operating activities

	2019 £
Net income for the period (as per Statement of financial activities)	967,842
Adjustments for:	
Depreciation	78,752
Interest receivable	(89)
Defined benefit pension scheme cost less contributions payable	214,000
Defined benefit pension scheme finance cost	10,000
Increase in debtors	(312,598)
Increase in creditors	302,550
Net gain on assets and liabilities from Local Authority on conversion	(938,179)
Net cash provided by operating activities	322,278

19. Cash flows from investing activities

	2019 £
Interest receivable	89
Net cash provided by investing activities	89

20. Analysis of cash and cash equivalents

	2019 £
Cash in hand	322,367
Total cash and cash equivalents	322,367

CARLTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

21. Conversion to an academy trust

On 1 June 2019, Carlton Bolling converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Carlton Academy Trust from Bradford Metropolitan District Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<i>Tangible fixed assets</i>				
Furniture and equipment	-	-	1,352,407	1,352,407
<i>Current assets</i>				
Budget surplus on LA funds	1,375,772	-	-	1,375,772
<i>Non-current liabilities</i>				
LGPS pension deficit	-	(1,790,000)	-	(1,790,000)
<i>Net assets/(liabilities)</i>	1,375,772	(1,790,000)	1,352,407	938,179

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

22. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 West Yorkshire Pension Fund. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. As a result of the latest valuation based on membership data as at 31 March 2016, TPS employees will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.08%).

The employer's pension costs paid to TPS in the period amounted to £141,622.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £97,000, of which employer's contributions totalled £75,000 and employees' contributions totalled £22,000. The agreed contribution rates for future years are between 11.5 per cent and 16.4 per cent for employers and between 5.5 per cent and 12.5 per cent for employees.

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

The valuation allows for the estimated impact of the recent McCloud judgement as a past service cost. The estimated impact on the total liabilities as at 31 August 2019 is £159,000.

Principal actuarial assumptions

	2019
	%
Rate of increase in salaries	3.25
Rate of increase for pensions in payment/inflation	2.00
Discount rate for scheme liabilities	1.90
Inflation assumption (CPI)	2.00
Inflation assumption (RPI)	3.00

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

22. Pension commitments (continued)

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

	2019
	Years
Retiring today	
Males	22.2
Females	25.4
Retiring in 20 years	
Males	23.2
Females	27.2

Sensitivity analysis

	2019
	£000
Discount rate +0.1%	5,163
Discount rate -0.1%	5,477
Mortality assumption - 1 year increase	5,493
Mortality assumption - 1 year decrease	5,145

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

	At 31 August
	2019
	£
Equities	2,232,000
Gilts	302,000
Corporate bonds	130,000
Property	127,000
Cash and other liquid assets	55,000
Other	32,000
Total market value of assets	2,878,000

The actual return on scheme assets was £125,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

22. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £
Current service cost	130,000
Past service cost	159,000
Interest cost	10,000
<i>Total amount recognised in the Statement of Financial Activities</i>	299,000

Changes in the present value of the defined benefit obligations were as follows:

	2019 £
Upon conversion	4,446,000
Interest cost	26,000
Employee contributions	22,000
Actuarial losses/(gains)	535,000
Past service costs	159,000
Current service cost	130,000
<i>At 31 August</i>	5,318,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £
Upon conversion	2,656,000
Interest income	16,000
Actuarial gains	109,000
Employer contributions	75,000
Employee contributions	22,000
<i>At 31 August</i>	2,878,000

CARLTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2019

23. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019
	£
Not later than 1 year	17,304
Later than 1 year and not later than 5 years	21,000
	<hr/> 38,304 <hr/>

24. Members' liability

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

25. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Payments of certain trustee's remuneration and expenses are already disclosed in note 11.

During the period Carlton Academy Trust was party to a Service Level Agreements with University Academy Keighley and Tracks Education. Recharges of costs and wages were as follows:

Charged to University Academy Keighley	£101,802
Charged to Tracks Education	£15,618