

Registrar

Company Registration Number: 07552665 (United Kingdom)

Coastal Academies Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2017

Coastal Academies Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Directors' report	2 - 7
Governance statement	8 - 10
Statement on regularity, propriety and compliance	11
Statement of directors' responsibilities	12
Independent auditors' report on the financial statements	13 - 14
Independent reporting accountant's assurance report on regularity	15 - 16
Statement of financial activities incorporating income and expenditure account	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 - 40

Coastal Academies Trust
(A company limited by guarantee)

Reference and Administrative Details of the Company, its Directors and Advisers
For the Year Ended 31 August 2017

Members	Dr. V. Austin (resigned after the end of the financial year, 9 October 2017) Mr. R.M. Copper Mr. P. Rodd (resigned 8 May 2017) Mr. R. Curtis (appointed 30 October 2017) Mr. A. Leale-Green (appointed 30 October 2017)
Directors	Dr. V. Austin, Chair of Directors ¹ (resigned after the end of the financial year, 9 October 2017) Mr. P. J. Luxmoore, Executive Headteacher ¹ Mr. R. Curtis, Chair of Finance Committee ¹ (Appointed Chair of Directors from 30 October 2017) Mr. R. M. Copper Mrs. C. Murray Mr. P. Rodd (resigned 8 May 2017) Mr. C. Argent ¹ Professor C. Parsons Ms. H. Pugh Mr. N. A. Smith Mr. A. Leale-Green (appointed Vice Chair from 30 October 2017) Mr. G. J. Flynn (resigned 30 June 2017) Mr. C. Pantelli (resigned 31 July 2017)
	¹ member of the Finance Committee
Company registered number	07552665
Company name	Coastal Academies Trust
Principal and registered office	King Ethelbert School Canterbury Road Birchington Kent CT7 9BL
Company secretary	Mr. T. Robb
Senior management team	Mr. P.J. Luxmoore, Executive Headteacher Mr. A. Fowler, Headteacher - Dane Court Grammar School Ms. K. Greig, Headteacher - King Ethelbert School Mrs. J. Troth, Headteacher - Cliftonville Primary School Mr. M. Tate, Headteacher - Hartsdown Academy Mrs. H. J. Russell, Chief Operations Manager Mr. T. Robb, Chief Financial Officer
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report
For the Year Ended 31 August 2017

The Directors present their annual report, together with the audited financial statements of Coastal Academies Trust (the Company) for the year ended 31 August 2017.

The Directors confirm that the annual report and financial statements of the Company comply with the current statutory requirements.

Structure, governance and management

Coastal Academies Trust (CAT) is a company limited by guarantee and is an exempt charity. The Company's articles of association are the primary governing document. Funding for educational activities is governed by a master funding agreement between the Company and the Secretary of State for Education.

Principal activities

The principal objective of the company is the advancement of education for the public benefit through the operation of a group of academies.

The company's accounts for 2016/17 include the operation of 4 academies, Cliftonville Primary School, Dane Court Grammar School, Hartsdown Academy and King Ethelbert School.

Members

The initial Members of the Company were the signatories to the Memorandum of Association. Membership terminates automatically pursuant to Article 15d when any Member, also being a Director, ceases to be a Director.

Members' liability

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

Directors

All Members of the Company are also Directors. Other Directors hold their office as the Chairman of the Local Governing Bodies (Article 46d), appointed by Members (Article 46a) or co-opted by Directors (Article 58).

Directors' indemnities

Coastal Academies Trust maintains liability insurance for Directors which gives appropriate cover for any legal action brought against them. The Company has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the Members, Directors and other officers may incur to third parties in the course of the acting on the Company's behalf.

Method of recruitment and appointment or election of Directors

The Articles of Association require the appointment of at least three Directors of the Company. Members may appoint up to eight Directors (Article 46a). The Chairman of each Local Governing Body is automatically registered as a Director (Article 46d). The Directors may also appoint up to three Co-opted Directors (Article 58).

Procedures adopted for the induction and training of Directors and Trustees

Training and induction is tailored to new Directors as appropriate to their requirements and previous experience. The Company Directors have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role.

Directors' term of office

The term of office for any Director shall be four years save that:

- a) the term of office may be shorter than four years for any Director appointed by the Members under Article 46(a) if the Members determine this at the time of appointment of such a Director; or
- b) in the case of a Director appointed ex officio as a Chairman of Governors, his or her term of office should be for as long as they are a Chair of Governors.

Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

All Directors are also trustees of the charity.

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 August 2017

Organisational Structure

The Directors have delegated the day-to-day governance of each academy to a Local Governing Body, established as a sub-committee of the Company Board. In the case of Dane Court Grammar School and King Ethelbert School, this has been a single group since the two schools federated in 2009. The Headteacher from each academy attends Board meetings.

Royal Harbour Academy is a guest member of CAT and its Chairman of Governors and Headteacher attend Board meetings. CAT has already been granted permission to sponsor Royal Harbour Academy and the conversion process has begun.

The Directors have established a Finance Committee as a sub-committee of the Company Board to co-ordinate and monitor the finances of the company.

Arrangements for setting pay and remuneration for key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board. Naturally, the senior management team are not involved in the setting of their own remuneration package. Only staff trustees, including the Executive Headteacher, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 10.

The day to day running of the remuneration policy is delegated to the Headteacher in each school and monitored by the Finance Committee. All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are, wherever possible, linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bears in mind the charitable status of the academy trust and in recognition of this fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 9.

Connected organisations, including related parties

The Dane Court voluntary fund and the Cliftonville voluntary fund, in existence to benefit the schools and its' students, are under the control of the Company and so have been included within these financial statements.

There is also a Dane Court School Parents Association (charity number 1023394).

Objectives and activities

The principle objective of CAT is to provide an outstanding education for students aged between 3 and 19. A more detailed summary is provided in each school's prospectus or on each school's website.

In accordance with the articles of association the academy trust has adopted a "Scheme of Government" (Master Funding Agreement) approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the schools and that the curriculum should comply with the substance of the national curriculum.

The major outcomes for the year included raising the achievement of all students, improving the quality of teaching and maintaining a positive ethos.

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 August 2017

Public benefit

The Company is state funded and strives to promote and support the advancement of education within Thanet. Each school has its own admissions criteria as set out in the Master Funding Agreement; Dane Court Grammar School selects students aged 11 to 19 who have passed the Kent Test; Hartsdown Academy is a non-selective 11-18 school, King Ethelbert School is a non-selective 11 to 16 school and Cliftonville Primary School admits children aged 3 to 11. For all schools the catchment area can vary but is determined by each school's admission criteria. The Company plays an active role in the local community including sporting activities, fund raising for charities and much more. The trust buildings and land are often available for community use outside of school hours.

The Directors acknowledge their duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charities Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Company are for the public benefit.

Achievements and performance

Academic performance of the trust's academies during the year was as follows:

KS4 results				
School	Progress 8	Attainment 8	% L4 En and Ma	% L5 En and Ma
Dane Court	+0.06	62.15	95.8	85.5
Hartsdown	-1.52	22.19	15.33	5.5
King Ethelbert	-0.38	38.54	44	15

IBDP results				
School	% students with 24 points or above		Average IB points	
	2017	2016	2017	2016
Dane Court	97.7	95.7	5.6	5.3

IBCP results						
School	% certificate awarded		% pass rate voc		Average IB points	
	2017	2016	2017	2016	2017	2016
Dane Court	97.8	93.2	97.8	87	4.8	4.4
King Ethelbert	86	90	100	100	4	4.2

Cliftonville Primary School Attainment				
	2017		2016	
	Cliftonville	National	Cliftonville	National
R/W/M expected	68	61	57	53
R/W/M higher standard	8	9	6	5
Reading expected+	72	71	66	66
Reading higher standard	23	25	22	19
Writing expected +	76	76	78	74
Writing greater depth	9	18	9	15
Maths expected+	84	75	78	70
Maths higher standard	21	23	14	17
GPS expected+	78	77	67	72
GPS higher standard	26	31	14	23
Reading average scaled score	104	104	102	103
Maths average scaled score	105	104	103	103
GPS average scaled score	106	106	102	104

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 August 2017

Achievements and performance – cont.

Cliftonville Primary School Progress		
Group	Reading	Maths
Overall (89)	+1.30	+2.6
High prior attainment (17)	+0.74	+2.14
Middle prior attainment (59)	+1.58	+2.27
Low prior attainment (7)	+1.43	+6.55
Disadvantaged (45)	-0.18	+2.82
EAL (16)	+3.05	+6.82
SEN (15)	+0.07	+3.48
Girls (50)	+3.14	+2.86
Boys (39)	-1.00	+2.60

In addition to the above we have:

- Improved links between schools, including transition from primary to secondary and support for development.
- Embedded the restructured ICE curriculum at Dane Court.
- Controlled expenditure at all schools to provide a stable financial footing for delivering education in future years.

Key performance indicators

The Company closely monitors the exam results at Key Stage 4, Key Stage 5 and assessed performance at Key Stage 2. Actual performance by academy is documented on each academy's website.

Each school aims to continue to recruit and retain students at their full published admission numbers. Dane Court Grammar School, King Ethelbert School and Cliftonville Primary School were all over subscribed in 2016/17.

Staffing costs should be restricted to less than 85% of restricted fund income in any one year unless there are mitigating and reasonable circumstances for exceeding this limit. Examples of such circumstances could be an increasing roll where the funding for such students may be lagged or undertaking services in-house because of greater efficiency. The Company's staffing costs have been kept within this restriction.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these accounts.

Financial review and position

The Company's principle income comes from the Education and Skills Funding Agency ("ESFA") in the form of recurring grants for particular purposes. These grants and the related expenditure are shown under restricted funds in the Statement of Financial Activities ("SoFA").

During the year to 31 August 2017 the Company received total income of £21.1m comprising £20m of restricted funds, £455k capital funding and £694k unrestricted income which included income for the hire of facilities and catering services. This is a reduction on the £23.3m total income in the previous year, however 2015/16 included substantially higher capital income due to the recognition of a £2.6m donation for the deemed value of a building handed over to the Company by Kent County Council.

In addition to the revenue income the trust also received total capital income of £455k during 2016/17, mainly Condition Improvement Fund grants from ESFA.

Total expenditure per the SoFA amounted to £21.9m, leaving a net expenditure for the year of £836k. It is important to note that this accounting result arises for two reasons, and the result on operational revenue funds was actually positive during 2016/17:

- the £705k deficit on the restricted fixed asset fund. This arises because the Company recognises the academies' buildings on its Balance Sheet, and the value of these buildings, together with other assets recognised as fixed assets, is written off over a period of time through depreciation. Total depreciation charges of £1.2m are shown as expenditure against this fund, and dwarf the capital grant income received during the year, resulting in the deficit.

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 August 2017

Financial review and position - cont

- total expenditure on the SoFA includes £890k non-cash pension charges in respect of the Local Government Pension Scheme ("LGPS") deficit carried by the Company. These charges are required to comply with accounting convention, and relate to part of the movement in the Balance Sheet provision.

As explained in the accounting policies section of the financial statements, the LGPS is a funded defined benefit pension scheme and a provision for estimated pension liabilities is included in the academy trust's Balance Sheet. The £890k charge is only part of the movement in the year; the deficit carried has actually reduced significantly by £2.5m during 2016/17, the difference of £3.4m relating to an actuarial gain, shown further down on the SoFA.

It is clear that the fixed asset fund and pension charges heavily influence the net movement in funds for the year. It is far more useful to consider the result on operational revenue funds, however this result is not immediately obvious from the SoFA because of two factors explained above.

The revenue result for the year was a very healthy £759k, although £223k of this was used (shown as a transfer to reflect the revenue contribution to capital) to acquire fixed asset capital additions. After transfers, the revenue result for the year was therefore £536k. Taken with brought forward funds this left the Company with cumulative revenue funds of just under £1.9m as at 31 August 2017.

The large actuarial gain on the LGPS partially reverses the similarly large actuarial loss last year, and is line with the movements seen by most academies after the triennial revaluation of the LGPS to 31 March 2016. This year the actuary who has calculated the movement in the deficit has advised that academies, in general, have seen their deficits reduce this year. For clarity the LGPS references relate to non-teaching staff members. The Company makes contributions to the LGPS on behalf of these staff, and in the LGPS the assets and liabilities held within the scheme are subject to an actuarial valuation on a triennial basis and are attributable to individual employers. The Company balance sheet contains the net pension scheme deficit in respect of current employees. The existence of a deficit does not mean an immediate liability will become payable, nor does it have a direct impact on the employer contribution rate paid, which is determined using longer-term funding assumptions. The LGPS has been the subject of amendments in recent years and from April 2014 the scheme bases pension entitlement upon career average earnings and provides for revised employee and employer contributions.

The company also makes contributions to the teachers' pension scheme (TPS) on behalf of teaching staff in the academies. The TPS is a contributory scheme to which teachers are automatically enrolled but it is not compulsory. It is a national scheme managed by the Department of Education. Assets and liabilities are not assigned to individual employers.

Since these financial statements provide information at trust level there is little information about individual academies within them. At the end of note 16 there is a disclosure setting out the revenue carry forward balances at an individual level, and this reveals that Hartsdown Academy was in deficit by £218k at the year end. This is a significant reduction on the deficit of £549k last year, after a great deal of hard work and restructuring resulted in a strong in-year result.

At the end of August 2017 the net book value of assets amounted to £53.4m. These assets, which predominantly comprise land and buildings, are used exclusively for educational operations and the associated support services to students in the academies.

The total funds of the Company at the end of August 2017 amounted to £47.8m (2016: £45.3m). Of this total nearly £1.9m related to revenue funds, split between unrestricted funds of £1.1m and restricted revenue funds of £802. In addition the Company was holding unspent capital formula funding, in cash terms, of £73k at the year end, which is included in the fixed asset fund balance.

Reserves policy

The Directors review the reserves level of the Company annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The revenue surplus for the year, explained in the financial review section above, means that reserves have increased during the year. It is the Directors' continuing intention that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial and risk management objectives and policies

The Company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for the Company's operations.

The existence of these financial instruments exposes the Company to liquidity risk and cash flow interest risk:

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report (continued)
For the Year Ended 31 August 2017

Financial and risk management objectives and policies - cont

- *Liquidity risk* – the Company manages its' cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.
- *Interest rate risk* – the Company has used risk free managed investments to maximise interest on income wherever possible and shall continue to do so.

The Audit Committee – which was established in 2014/15 – has been reconstituted as a Finance Committee and is a sub-committee of the Board. The management of financial and operational risk has been delegated to this Finance Committee.

Principal risks and uncertainties

The Company monitors the principle risks and has drawn up risk registers for each academy which are regularly reviewed. A CAT level risk register capturing the major risks faced by the Company is monitored at Board level. In particular the financial risk is that public funding will not rise in line with the cost base giving rise to potential unsustainable deficits within the Company. This risk is mitigated by careful budget planning – overseen by the Finance Committee – and where possible securing additional resources to supplement government funding. The principal operational risk to the Company is that academic performance and attainment data does not meet the expectations of the regulator over time. This risk is mitigated by active results and data monitoring.

Investment policy

All schools in the Company only invest money in accounts which minimise the risk of loss. Speculative investments are not made.

Equal opportunities

It is the Company's policy to recognise that equal opportunities should be an integral part of good working practice within the workplace. The Company aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The policy of the Company is to support recruitment and retention of students and employees with disabilities. The academy trust does this by making reasonable adjustment to the physical environment wherever possible, by making support services available and through training and career development.

Plans for future periods

The company is in the process of developing a Business Plan for the next three years. The aims of this plan will maintain the core ethos of the schools and the Trust, and will build on the successes to date. The objectives will include:

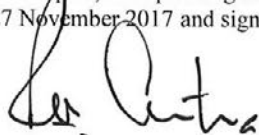
- Improve exam success, by restructuring Year 11 at Hartsdown and Royal harbor Academy;
- Improve the accuracy of Exam result predictions;
- Improve the quality of teaching;
- Continue to develop the Year 6 to Year 7 Transition Project;
- Develop a local Talent Management process to identify and nurture talent within schools across the Trust;
- Enhance the Governance of the Trust Board;
- Strengthen Schools to ensure better performing Academies; and
- Ensure robust financial controls and planning, and value for money.

Auditors


In so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all steps that they ought to have taken to make themselves aware of any audit information and to establish that the auditor is aware of that information.

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and resolution to appoint them will be approved at the annual general meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Directors, as the company directors on 27 November 2017 and signed on the board's behalf by:



Mr. R. Curtis, Chair of Trustees



Mr. P.J. Luxmoore, Accounting Officer

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Coastal Academies 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 Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Coastal Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities.

To strengthen financial control and accountability the Directors have established a Finance Committee consisting of the Chair of Finance from each Local Governing Body, the accounting officer and a co-opted member as chair. This Finance Committee (amongst other things):

- Advises the Board on issues of strategic financial planning and best financial practice.
- Approves the annual budgets of each academy in the trust.
- Advises the Board and accounting officer on the adequacy and effectiveness of Coastal Academies Trust's governance, risk management, internal control and value for money systems.
- Ensures that Coastal Academies Trust operates within all Financial Regulations.
- Receives reports (annual reports, management letters etc.) from the external auditor and considers any issues raised, the associated management response and action plans. Where appropriate, reports are referred to the Board or other committees for information and action.

Each Local Governing Body has established committees which monitors the day-to-day finances of each academy which assists the Finance Committee and the Board in making sound financial decisions.

The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr. V. Austin, Chair of Directors	6	6
Mr. C. Argent	6	6
Mr. R. M. Copper	6	6
Mr. R. Curtis, Chair of Finance Committee	6	6
Mr. G. J. Flynn	4	5
Mr. A. Leale-Green	5	6
Mr. P. J. Luxmoore, Executive Headteacher	6	6
Mrs. C. Murray	3	6
Mr. C. Pantelli	3	6
Professor C. Parsons	3	6
Ms. H. Pugh	2	6
Mr. P. Rodd	2	4
Mr. N. A. Smith	6	6

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

Attendance at meetings of the trust level Finance Committee (which also fulfils the remit of an audit committee) in the year was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. R. Curtis, Chair of Audit Committee	4	4
Mr. C.L. Argent	3	4
Dr. V. Austin, Chair of Directors	4	4
Mr. P. J. Luxmoore, Executive Headteacher	4	4

Review of Value for money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Company 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 Company's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Company has delivered improved value for money during the year by:

- Targeted intervention by utilising Pupil Premium funding to close the gap between such students and the rest of the cohort.
- Collaborative working across the trust to improve educational outcomes for all students.
- Improved purchasing decisions with CAT-wide contracts to improve value for money. Examples of this include a joint insurance policy across all CAT schools, and energy procurement across all CAT schools. The intention is to increase the number of CAT-wide contracts where practicable and where there is a clear benefit.

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 Company 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 Coastal Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

The Company'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 Directors;
- regular reviews by the Finance Committee consolidating the figures from each constituent academy to get an overview of the Company's financial performance.
- regular reviews by the Finance/Resources Committee of each school 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; and
- identification and management of risks.

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed UHY Hacker Young, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a termly basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

During the year ended 31 August 2017 the risks to internal control have been fully delivered in line with the requirements of the Education Funding Agency.

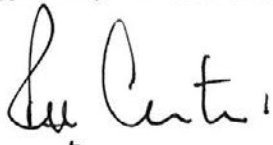
Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 Directors on 27 November 2017 and signed on their behalf, by:



Mr. R. Curtis, Chair of Trustees



Mr. P.J. Luxmoore Accounting Officer

Coastal Academies Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Coastal Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



Mr. P.J. Luxmoore
Accounting Officer

Date: 27 November 2017

Coastal Academies Trust
(A company limited by guarantee)

Statement of Directors' Responsibilities
For the Year Ended 31 August 2017

The Directors (who act as governors of the Coastal Academies Trust and are also the trustee of the charitable company for the purposes of charity law) are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

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

The directors 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 directors 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 directors 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 Directors on 27 November 2017 and signed on its behalf by:



Mr. R. Curtis
Chairman of the Board of Directors

Independent Auditors' Report on the Financial Statements to the Members of Coastal Academies Trust

Opinion

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

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

In our opinion the financial statements:

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors 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 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.

Independent Auditors' Report on the Financial Statements to the Members of Coastal Academies Trust

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 Directors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 directors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of directors' responsibilities, the directors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company's 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. The description forms part of our Auditor's report.

Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ
Date:

Coastal Academies Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Coastal Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coastal Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Coastal Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Coastal Academies Trust's funding agreement with the Secretary of State for Education dated 23 March 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales.

In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of the Coastal Academies Trust for the year ended 31 August 2017 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Coastal Academies Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Coastal Academies Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

Allan R. Hickie BSc FCA

UHY Kent LLP
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date:

Coastal Academies Trust
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	71,277	-	455,372	526,649	2,706,905
Charitable activities	5	533,408	19,975,864	-	20,509,272	20,488,340
Other trading activities	3	83,779	-	-	83,779	78,492
Investments	4	5,834	-	-	5,834	12,681
Total income		694,298	19,975,864	455,372	21,125,534	23,286,418
Expenditure on:						
Raising funds	3	54,448	-	-	54,448	20,221
Charitable activities		318,588	20,428,235	1,160,186	21,907,009	22,546,112
Total expenditure	6	373,036	20,428,235	1,160,186	21,961,457	22,566,333
Net income / (expenditure) before transfers						
Transfers between Funds	16	321,262 (79,181)	(452,371) (143,635)	(704,814) 222,816	(835,923) -	720,085 -
Net income / (expenditure) before other recognised gains and losses						
		242,081	(596,006)	(481,998)	(835,923)	720,085
Actuarial gains/(losses) on defined benefit pension schemes	20	-	3,390,000	-	3,390,000	(4,332,000)
Net movement in funds		242,081	2,793,994	(481,998)	2,554,077	(3,611,915)
Reconciliation of funds:						
Total funds brought forward		847,190	(9,588,449)	54,042,742	45,301,483	48,913,398
Total funds carried forward		1,089,271	(6,794,455)	53,560,744	47,855,560	45,301,483

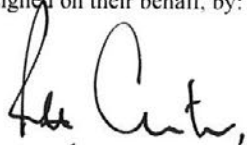
The notes on pages 20 to 40 form part of these financial statements.

Coastal Academies Trust
(A company limited by guarantee)
Registered number: 07552665

Balance Sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	12		53,487,496		54,008,855
Current assets					
Stocks	13	14,881		17,283	
Debtors	14	672,886		515,118	
Cash at bank and in hand		2,195,794		1,924,763	
		<u>2,883,561</u>		<u>2,457,164</u>	
Creditors: amounts falling due within one year	15	(918,497)		(1,067,536)	
Net current assets			<u>1,965,064</u>		<u>1,389,628</u>
Total assets less current liabilities			<u>55,452,560</u>		<u>55,398,483</u>
Pension scheme liabilities	20		(7,597,000)		(10,097,000)
Net assets including pension scheme liabilities			<u><u>47,855,560</u></u>		<u><u>45,301,483</u></u>
Funds of the academy					
Restricted funds :					
Restricted income funds	16	802,545		508,551	
Restricted fixed asset funds	16	53,560,744		54,042,742	
		<u>54,363,289</u>		<u>54,551,293</u>	
Restricted income funds excluding pension liability					
Pension reserve		(7,597,000)		(10,097,000)	
		<u></u>		<u></u>	
Total restricted funds			46,766,289		44,454,293
Unrestricted income funds	16		1,089,271		847,190
Total funds			<u><u>47,855,560</u></u>		<u><u>45,301,483</u></u>

The financial statements on pages 17 to 40 were approved by the directors, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:


 Mr. R. Curtis
 Chair of Directors


 Mr. P. J. Luxmoore
 Accounting Officer

Coastal Academies Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	448,659	(458,667)
Cash flows from investing activities:			
Dividends, interest and rents from investments		5,834	12,681
Purchase of tangible fixed assets		(638,834)	(97,484)
Capital grants from DfE/ESFA		455,372	75,771
Net cash used in investing activities		(177,628)	(9,032)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		271,031	(467,699)
		1,924,763	2,392,462
Cash and cash equivalents carried forward		2,195,794	1,924,763

The notes on pages 20 to 40 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 August 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Coastal Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

1.3 Income

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2017

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 company 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 company's educational operations, including support costs and those costs relating to the governance of the company appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

The directors 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 company to continue as a going concern. The directors 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.

1.6 Tangible fixed assets and depreciation

Individual assets costing more than £2,000 and bulk purchases costing more than £5,000 are capitalised, and are then 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:

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

Freehold land and buildings	-	2% straight line
L/Term Leaschold Property	-	Over 125 year lease term
Motor vehicles	-	20% reducing balance
Fixtures, fittings and equipment	-	25% straight line
Computer equipment and software	-	33.33% straight line

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

Notes to the Financial Statements
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.7 Operating leases

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

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Taxation

The company 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 company 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.

1.10 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.

1.11 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.

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the company'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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the company's wholly owned subsidiary are held at face value less any impairment.

Notes to the Financial Statements
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.14 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 company 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 20, 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.

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

1.16 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 company 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other donations	71,277	-	-	71,277	2,631,134
Capital grants	-	-	455,372	455,372	75,771
	<u>71,277</u>	<u>-</u>	<u>455,372</u>	<u>526,649</u>	<u>2,706,905</u>
<i>Total 2016</i>	<u>21,615</u>	<u>9,955</u>	<u>2,675,335</u>	<u>2,706,905</u>	

3. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Lettings income	44,915	-	44,915	38,247
Sales to students	38,864	-	38,864	40,245
	<u>83,779</u>	<u>-</u>	<u>83,779</u>	<u>78,492</u>
Fundraising trading expenses				
School uniforms, stationery and other materials	54,448	-	54,448	20,221
Net income from trading activities	<u>29,331</u>	<u>-</u>	<u>29,331</u>	<u>58,271</u>

4. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	5,834	-	5,834	12,681
<i>Total 2016</i>	<u>12,681</u>	<u>-</u>	<u>12,681</u>	

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

5. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Educational operations	533,408	19,975,864	20,509,272	20,488,340
<i>Total 2016</i>	<u>455,982</u>	<u>20,032,358</u>	<u>20,488,340</u>	

Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	17,621,759	17,621,759	17,307,158
Other DfE/ESFA grants	-	1,378,718	1,378,718	1,571,002
	-	19,000,477	19,000,477	18,878,160
Other government grants				
Local authority grants	-	495,582	495,582	614,867
	-	495,582	495,582	614,867
Other funding				
Other income from the academy trust's educational operations	286,417	12,593	299,010	275,870
Thanet Skills Studio	-	88,786	88,786	80,912
School trips	2,668	378,426	381,094	387,969
Catering income	213,077	-	213,077	219,032
Extended day income	31,246	-	31,246	31,530
	533,408	479,805	1,013,213	995,313
	533,408	19,975,864	20,509,272	20,488,340
<i>Total 2016</i>	<u>455,982</u>	<u>20,032,358</u>	<u>20,488,340</u>	

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	54,448	54,448	20,221
Academy trust's educational activities:					
Direct costs	13,860,824	942,924	1,750,393	16,554,141	17,467,768
Support costs	2,623,470	1,156,481	1,572,917	5,352,868	5,078,344
	<u>16,484,294</u>	<u>2,099,405</u>	<u>3,377,758</u>	<u>21,961,457</u>	<u>22,566,333</u>
<i>Total 2016</i>	<u><u>17,103,922</u></u>	<u><u>2,183,297</u></u>	<u><u>3,279,114</u></u>	<u><u>22,566,333</u></u>	

7. Analysis of expenditure by activities

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	16,554,141	5,352,868	21,907,009	22,546,112
<i>Total 2016</i>	<u><u>17,090,496</u></u>	<u><u>5,455,616</u></u>	<u><u>22,546,112</u></u>	

Analysis of direct costs

	Educational operations £	Total 2017 £	Total 2016 £
Books, apparatus and stationery	481,624	481,624	422,239
Examination fees	293,713	293,713	344,280
Staff development	88,000	88,000	85,326
Educational consultancy	344,777	344,777	484,582
Other direct costs	383,027	383,027	377,272
Wages and salaries	11,147,656	11,147,656	11,942,619
National insurance	1,055,251	1,055,251	922,631
Pension cost	1,657,917	1,657,917	1,793,415
Depreciation	1,102,176	1,102,176	1,095,404
	<u>16,554,141</u>	<u>16,554,141</u>	<u>17,467,768</u>
<i>At 31 August 2016</i>	<u><u>17,467,768</u></u>	<u><u>17,467,768</u></u>	

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations £	Total 2017 £	<i>Total 2016 £</i>
Staff costs	2,623,470	2,623,470	2,445,257
Depreciation	58,010	58,010	57,653
Maintenance of premises and equipment	301,755	301,755	201,933
Cleaning	207,218	207,218	237,200
Rent and rates	227,138	227,138	188,854
Heat and light	304,737	304,737	369,130
Insurance	88,902	88,902	122,852
Security	19,666	19,666	18,011
Transport	48,082	48,082	27,492
Catering	320,896	320,896	310,354
Technology costs including managed IT services	349,060	349,060	258,649
Other support costs	471,649	471,649	504,541
Recruitment and support	81,329	81,329	107,797
Travel and subsistence	22,484	22,484	21,253
Governance costs	228,472	228,472	207,368
	<u>5,352,868</u>	<u>5,352,868</u>	<u>5,078,344</u>
<i>At 31 August 2016</i>	<u>5,078,344</u>	<u>5,078,344</u>	

8. Net income/(expenditure)

This is stated after charging:

	2017 £	<i>2016 £</i>
Depreciation of tangible fixed assets: - owned by the charity	1,160,186	1,153,059
Auditors' remuneration - audit	17,885	17,535
Auditors' remuneration - other services	10,850	10,530
Operating lease rentals	202,517	161,306
	<u>202,517</u>	<u>161,306</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

9. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	12,127,355	12,892,296
Social security costs	1,241,361	1,017,573
Operating costs of defined benefit pension schemes	2,742,175	2,557,152
	<u>16,110,891</u>	<u>16,467,021</u>
Apprenticeship levy	18,355	-
Supply teacher costs	301,586	316,960
Staff restructuring costs	53,462	319,941
	<u><u>16,484,294</u></u>	<u><u>17,103,922</u></u>

Staff restructuring costs comprise:

	2017	2016
	£	£
Redundancy payments	25,512	258,775
Severance payments	18,000	29,750
Premature retirement costs	9,950	31,416
	<u>53,462</u>	<u>319,941</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18,000 (2016 - £Nil). Individually, the payments were £10,000 and £8,000.

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

	2017	2016
	No.	No.
Teachers	253	247
Administration and support	249	261
Management	18	20
	<u>520</u>	<u>528</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teachers	221	229
Administration and support	163	178
Management	17	20
	<u>401</u>	<u>427</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

9. Staff costs (continued)

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

	2017	<i>2016</i>
	No.	<i>No.</i>
In the band £ 60,001 - £ 70,000	6	4
In the band £ 70,001 - £ 80,000	0	1
In the band £ 90,001 - £ 100,000	4	3
In the band £ 100,001 - £ 110,000	0	1
In the band £ 130,001 - £ 140,000	1	1

All the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £133,979 (2016 - £128,048).

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pensions contributions) received by key management personnel for their services to the academy trust was £724,292 (2016 - £691,312).

10. Directors' remuneration and expenses

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff directors 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 directors. The value of directors' remuneration and other benefits was as follows:

		2017	<i>2016</i>
		£	<i>£</i>
Mr. P.J. Luxmoore, Executive Headteacher	Remuneration	130,000-135,000	<i>130,000-135,000</i>
	Pension contributions paid	20,000-25,000	<i>20,000-25,000</i>

During the year ended 31 August 2017, travel expenses totalling £2,510 (2016 - £2,407) were reimbursed to 2 directors (2016 - 1).

11. Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £3,289 (2016 - £3,278).

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

12. Tangible fixed assets

	Freehold land and buildings £	L/Term Leasehold Property £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment and software £	Total £
Cost						
At 1 September 2016	46,060,662	12,043,628	25,675	766,392	413,991	59,310,348
Additions	281,569	-	-	131,439	225,826	638,834
At 31 August 2017	<u>46,342,231</u>	<u>12,043,628</u>	<u>25,675</u>	<u>897,831</u>	<u>639,817</u>	<u>59,949,182</u>
Depreciation						
At 1 September 2016	4,106,971	250,103	15,512	608,111	320,796	5,301,493
Charge for the year	849,634	142,918	2,032	87,634	77,975	1,160,193
At 31 August 2017	<u>4,956,605</u>	<u>393,021</u>	<u>17,544</u>	<u>695,745</u>	<u>398,771</u>	<u>6,461,686</u>
Net book value						
At 31 August 2017	<u>41,385,626</u>	<u>11,650,607</u>	<u>8,131</u>	<u>202,086</u>	<u>241,046</u>	<u>53,487,496</u>
At 31 August 2016	<u>41,953,691</u>	<u>11,793,525</u>	<u>10,163</u>	<u>158,281</u>	<u>93,195</u>	<u>54,008,855</u>

Included in land and buildings is freehold land at valuation of £3,625,843 (2016 - £3,625,843) and leasehold land of £1,592,941 (2016 - £1,592,941) which are not depreciated.

13. Stocks

	2017 £	2016 £
Clothing	12,000	12,000
Catering	2,881	5,283
	<u>14,881</u>	<u>17,283</u>

14. Debtors

	2017 £	2016 £
Trade debtors	63,669	81,807
Other debtors	92,751	42,053
Prepayments and accrued income	516,466	391,258
	<u>672,886</u>	<u>515,118</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

15. Creditors: Amounts falling due within one year

	2017	<i>2016</i>
	£	<i>£</i>
Trade creditors	135,806	212,493
Other taxation and social security	239,377	258,164
Other creditors	56,600	47,985
Accruals and deferred income	486,714	548,894
	<u>918,497</u>	<u>1,067,536</u>
	2017	<i>2016</i>
	£	<i>£</i>
Deferred income		
Deferred income at 1 September 2016	221,573	240,946
Resources deferred during the year	216,420	221,573
Amounts released from previous years	(221,573)	(240,946)
Deferred income at 31 August 2017	<u>216,420</u>	<u>221,573</u>

Deferred income comprises the following received in advance for the 2017/18 academic year:

	2017	<i>2016</i>
	£	<i>£</i>
Contributions towards trips	46,477	93,804
ESFA rates grant	51,557	71,272
ESFA sponsorship grant	40,847	-
Universal infant free school meals grant	52,896	52,386
Other	11,643	4,111
Specialist funding	13,000	-
Total	<u>216,420</u>	<u>221,573</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

16. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	847,190	694,298	(373,036)	(79,181)	-	1,089,271
Restricted funds						
General Annual Grant (GAG)	(121,706)	17,621,759	(17,119,799)	(143,635)	-	236,619
Other DfE/ESFA grants	269,431	1,378,718	(1,454,488)	-	-	193,661
Other government grants	328,039	495,582	(480,610)	-	-	343,011
Other restricted	27,586	476,575	(478,287)	-	-	25,874
Voluntary fund	5,201	3,230	(5,051)	-	-	3,380
Pension reserve	(10,097,000)	-	(890,000)	-	3,390,000	(7,597,000)
	(9,588,449)	19,975,864	(20,428,235)	(143,635)	3,390,000	(6,794,455)
Restricted fixed asset funds						
Capital grants	33,887	455,372	-	(416,011)	-	73,248
Tangible fixed assets	54,008,855	-	(1,160,186)	638,827	-	53,487,496
	54,042,742	455,372	(1,160,186)	222,816	-	53,560,744
Total restricted funds	44,454,293	20,431,236	(21,588,421)	79,181	3,390,000	46,766,289
Total of funds	45,301,483	21,125,534	(21,961,457)	-	3,390,000	47,855,560

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	1,113,547	565,520	(403,391)	(428,486)	-	847,190
	1,113,547	565,520	(403,391)	(428,486)	-	847,190

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

16. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	(78,088)	17,400,329	(17,918,292)	474,345	-	(121,706)
Other DfE/ESFA grants	151,279	1,499,015	(1,380,863)	-	-	269,431
Other government grants	540,132	598,539	(669,582)	(141,050)	-	328,039
Other restricted	(21,141)	519,312	(501,602)	31,017	-	27,586
Voluntary fund	6,379	28,368	(29,546)	-	-	5,201
Pension reserve	(5,255,000)	-	(510,000)	-	(4,332,000)	(10,097,000)
	<u>(4,656,439)</u>	<u>20,045,563</u>	<u>(21,009,885)</u>	<u>364,312</u>	<u>(4,332,000)</u>	<u>(9,588,449)</u>

Restricted fixed asset funds

Capital grants	8,532	2,675,335	-	(2,649,980)	-	33,887
Tangible fixed assets	52,447,758	-	(1,153,057)	2,714,154	-	54,008,855
	<u>52,456,290</u>	<u>2,675,335</u>	<u>(1,153,057)</u>	<u>64,174</u>	<u>-</u>	<u>54,042,742</u>
Total restricted funds	<u>47,799,851</u>	<u>22,720,898</u>	<u>(22,162,942)</u>	<u>428,486</u>	<u>(4,332,000)</u>	<u>44,454,293</u>
Total of funds	<u>48,913,398</u>	<u>23,286,418</u>	<u>(22,566,333)</u>	<u>-</u>	<u>(4,332,000)</u>	<u>45,301,483</u>

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

General Annual Grants must be used for the normal running costs of each individual academy, and hence are shown as a separate restricted fund.

The Other DfE/ESFA grant fund relates to income received from the DfE and ESFA, and included Pupil Premium and Universal Infant Free School Meal grants.

The Other Government grant fund relates to restricted income received from other government bodies and includes money received from Kent County Council.

The pension reserve relates to the academy trust's share of the deficit of the Local Government Pension Scheme overseen by its Local Authority.

The other restricted fund accounts for all other money received for a specific purpose and includes income received from parents and pupils for educational trips and visits.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfer of £222,816 represents capital expenditure funded by revenue reserves during the year.

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

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Dane Court Grammar School	611,241	408,840
King Ethelbert School	835,468	850,032
Cliftonville Primary School	663,302	646,374
Hartsdown Academy	(218,195)	(549,505)
Total before fixed asset fund and pension reserve	<u>1,891,816</u>	<u>1,355,741</u>
Restricted fixed asset fund	53,560,744	54,042,742
Pension reserve	(7,597,000)	(10,097,000)
Total	<u><u>47,855,560</u></u>	<u><u>45,301,483</u></u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy with deficit funds	Amount of deficit £
Hartsdown Academy	218,195

The re-structuring of Hartsdown's staffing during the year has resulted in an in-year revenue surplus of £326k which has cleared almost two-thirds of the deficit brought forward from last year. The remaining Hartsdown deficit is being managed across all CAT schools in order to give Hartsdown time to recover its financial strength and ensure effective educational outcomes for its students.

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

- 1) Continuing with its strict regime of controlling costs with orders only being placed when the educational benefit can be clearly demonstrated and/or there is a statutory obligation.
- 2) Taking a strategic overview of all ongoing contracts and, where possible, terminating them.
- 3) Continuing the two year restructuring of the curriculum and therefore staffing with a view to reducing costs wherever possible.

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 2017 £	<i>Total 2016 £</i>
Dane Court Grammar School	4,011,221	583,360	711,266	580,522	5,886,369	6,665,134
King Ethelbert School	3,278,781	712,312	381,615	661,736	5,034,444	4,430,602
Cliftonville Primary School	2,469,908	576,979	236,888	363,861	3,647,636	3,271,426
Hartsdown Academy	4,100,914	832,148	261,372	1,038,388	6,232,822	7,046,114
	<u>13,860,824</u>	<u>2,704,799</u>	<u>1,591,141</u>	<u>2,644,507</u>	<u>20,801,271</u>	<u>21,413,276</u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

17. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	53,487,496	53,487,496
Current assets	1,089,271	1,612,181	182,109	2,883,561
Creditors due within one year	-	(809,636)	(108,861)	(918,497)
Pension scheme liability	-	(7,597,000)	-	(7,597,000)
	<u>1,089,271</u>	<u>(6,794,455)</u>	<u>53,560,744</u>	<u>47,855,560</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	54,008,855	54,008,855
Current assets	807,743	1,598,426	50,995	2,457,164
Creditors due within one year	39,447	(1,089,875)	(17,108)	(1,067,536)
Provisions for liabilities and charges	-	(10,097,000)	-	(10,097,000)
	<u>847,190</u>	<u>(9,588,449)</u>	<u>54,042,742</u>	<u>45,301,483</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(835,923)	720,085
Adjustment for:		
Depreciation charges	1,160,193	1,153,059
Dividends, interest and rents from investments	(5,834)	(12,681)
Decrease/(increase) in stocks	2,402	(448)
(Increase)/decrease in debtors	(157,768)	63,148
Decrease in creditors	(149,039)	(216,495)
Capital grants from DfE and other capital income	(455,372)	(75,771)
Defined benefit pension scheme cost less contributions payable	674,000	311,000
Defined benefit pension scheme finance cost	216,000	199,000
Capital donation by Local Authority	-	(2,599,564)
Net cash provided by/(used in) operating activities	<u>448,659</u>	<u>(458,667)</u>

19. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	2,195,794	1,924,763
Total	<u>2,195,794</u>	<u>1,924,763</u>

Notes to the Financial Statements
For the Year Ended 31 August 2017

20. Pension commitments

The company'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 Kent County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £36,000 were payable to the schemes at 31 August 2017 (2016 - £45,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge;
- 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; and
- 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. Until then the employer contribution rate was 14.1%. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,419,000 (2016 - £1,495,000).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £678,000 (2016 - £754,000), of which employer's contributions totalled £520,000 (2016 - £578,000) and employees' contributions totalled £158,000 (2016 - £176,000). The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% for employees.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

20. Pension commitments (continued)

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:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

	2017	<i>2016</i>
Retiring today		
Males	23.0	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

Sensitivity analysis	At 31 August 2017	<i>At 31 August 2016</i>
	£	<i>£</i>
Discount rate +0.1%	15,627,000	16,659,000
Discount rate -0.1%	16,362,000	17,508,000
Mortality assumption - 1 year increase	16,565,000	17,541,000
Mortality assumption - 1 year decrease	15,436,000	16,627,000
CPI rate +0.1%	16,306,000	17,444,000
CPI rate -0.1%	15,683,000	16,722,000

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

	Fair value at 31 August 2017	<i>Fair value at 31 August 2016</i>
	£	<i>£</i>
Equities	5,907,000	4,723,000
Gilts	59,000	63,000
Corporate bonds	808,000	745,000
Property	1,031,000	979,000
Cash and other liquid assets	267,000	167,000
Absolute return fund	322,000	304,000
Total market value of assets	8,394,000	<i>6,981,000</i>

The actual return on scheme assets was £1,169,000 (2016 - £490,000)

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

20. Pension commitments (continued)

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

	2017	2016
	£	£
Current service cost	(1,190,000)	(847,000)
Past service cost	-	(38,000)
Interest income	154,000	234,000
Interest cost	(370,000)	(433,000)
Admin expenses	(4,000)	(4,000)
	<u> </u>	<u> </u>
Total	<u><u>(1,410,000)</u></u>	<u><u>(1,088,000)</u></u>

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

	2017	2016
	£	£
Opening defined benefit obligation	17,078,000	10,846,000
Current service cost	1,190,000	847,000
Interest cost	370,000	433,000
Employee contributions	158,000	176,000
Actuarial (gains)/losses	(2,358,000)	4,933,000
Benefits paid	(447,000)	(195,000)
Past service costs	-	38,000
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>15,991,000</u></u>	<u><u>17,078,000</u></u>

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

	2017	2016
	£	£
Opening fair value of scheme assets	6,981,000	5,591,000
Interest income	154,000	234,000
Actuarial losses	1,032,000	601,000
Employer contributions	520,000	578,000
Employee contributions	158,000	176,000
Benefits paid	(447,000)	(195,000)
Administration expenses	(4,000)	(4,000)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u><u>8,394,000</u></u>	<u><u>6,981,000</u></u>

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

21. Operating lease commitments

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

	2017	2016
	£	£
Amounts payable:		
Within 1 year	107,263	179,687
Between 1 and 5 years	72,455	85,411
Total	<u>179,718</u>	<u>265,098</u>

22. Related party transactions

Owing to the nature of the company's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the company's financial regulations and normal procurement procedures.

Income of £105,964 (2016 - £47,564) was received and expenditure of £Nil (2016 - £7,344) was incurred in respect of the East Kent Learning Alliance Limited (EKLA), a teaching school alliance of East Kent schools including Dane Court Grammar School, King Ethelbert School and Hartsdown Academy.

At the 31 August 2017, EKLA owed the academy trust £3,509 (2016 - £3,332).

Mrs. R. Pickard, the daughter of Dr. V. Austin, the Chairman of the Board, worked at Dane Court Grammar School during the year and was paid a salary, under an employment contract, for her role as a teacher. Dr. V. Austin, had no involvement in the appointment of Mrs. R. Pickard and the trustees are comfortable that Mrs. R. Pickard's salary provides value for money and is not at a preferential rate.

Mrs. A. Crittenden, the mother of Mrs. C. Murray, a member of the Board, worked at Cliftonville Primary School during the year and was paid a salary, under an employment contract, for her role as site manager. Mrs. C. Murray had no involvement in the appointment of Mrs. A. Crittenden and the trustees are comfortable that Mrs. A. Crittenden's salary provides value for money and is not at a preferential rate.

Ms. P. Troth, the daughter of Mrs J. Troth, Headteacher at Cliftonville Primary School, worked at Cliftonville Primary School during the year and was paid a salary, under an employment control, for her role as a teacher. Mrs. J. Troth had no involvement in the appointment of Ms. P. Troth and the trustees are comfortable that Ms. P. Troth's salary provides value for money and is not at a preferential rate.

Ms. R. Thomas, the daughter of Mrs A. Blake, member of the SLT at Cliftonville Primary School, worked at Cliftonville Primary School during the year and was paid a salary, under an employment control, for her role as a teaching assistant. Mrs. A. Blake had no involvement in the appointment of Ms. R. Thomas and the trustees are comfortable that Ms. R. Thomas' salary provides value for money and is not at a preferential rate.

In entering into all of the above transactions the trust has fully complied with the requirements of the Academies Financial Handbook.

23. Ultimate controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

Coastal Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2017

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. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £68,869 and disbursed £46,508 from the fund. An amount of £22,361 is included in other creditors relating to undistributed funds that is repayable to ESFA.