
COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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

COMMUNITY INCLUSIVE TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

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

Trustees

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

Company registered number

09071623

Company name

Community Inclusive Trust

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS

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

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

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

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

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

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

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

CIT works in close partnership with the Lincolnshire Learning Partnership, Peter Bell being the SEN representative on the LLP's Head Teacher's Board.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principle aim of CIT is to create a first class infrastructure that influences education and enables outstanding lifelong learning.

Further aims are as follows:

- 1 To provide high quality teaching that challenges students and equips them for life.
- 2 To provide an environment that enables students to learn and teachers to teach effectively.
- 3 To promote and recognise high standards of achievement in all spheres of activity.
- 4 To encourage a quality of opportunity for all.

OBJECTIVES, STRATEGIES AND ACTIVITIES

To create a self supporting and challenging Trust that attracts good and outstanding schools as well as developing capacity to support other organisations. This will be through school to school support, focused leadership and high quality professional development led by the Teaching School within the Trust.

PUBLIC BENEFIT

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document 'The Advancement of Education for the Public Benefit') into consideration in preparing their Statement on Regularity, Propriety and Compliance contained within this Annual Report.

In accordance with its charitable objects, the Trust is a not-for-profit organisation.

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

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

Due to the diversity of the Academies and pupils with CIT, the following KPIs are measured through a variety of activities and data. This includes the Trusts annual health check of all its Academies which reviews quality of teaching, learning and assessment; personal development behaviour and welfare, outcomes for pupils and effectiveness of leadership and management; Ofsted reports, exam data, NEET Schools, internal school progress measures, performance management, lesson observations and learning walks.

- Pupils to achieve targets and to ensure all measures are above the national averages.
- Students to be provided with a curriculum to maximise their progress towards qualification success, further study and employability.
- Ensure internal assessment is robust and prepare for measuring achievement within 'Life without Levels' era.

SAT's results

School	Key Stage 2		
Isaac Newton	65%	63%	50%
Chapel St Leonards	84%		
Foundation Stage			
Isaac Newton			

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

Subject	School	Grade	9	8	7	6(B)	5(C+)	4(C)	3(D)	2(E)	1
	Woodlands										

School	Grade	9	8	7	6(B)	5(C+)	4(C)	3(D)	2(E)	1	Subject
	Ambergate										

Subject	School	Grade	9	8	7	6(B)	5(C+)	4(C)	3(D)	2(E)	1
Science											
	Woodlands						1	1			

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

School Monitoring Support and Challenge

All schools have undergone a CIF annual standard of schools have und

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

Teaching enhances skills, attributes and attitudes, preparing pupils to achieve great success in life
Teaching involves a passion for innovation and professional improvement

PERSONAL DEVELOPMENT, BEHAVIOUR AND WELFARE

All pupils to be responsible for their behaviour and learning in every lesson
All groups of pupils feel safe across all the Academies within the Trust at all times
Pupils are given opportunities to achieve in a wide range of activities

EFFECTIVENESS OF LEADERSHIP AND MANAGEMENT

All pupils are valued and nurtured within their academy setting
Individual academy priorities are determined by thorough and accurate self evaluation
All staff are valued and supported in their own career progression
Improve the effectiveness of the Community Inclusive Trust Board and the Local Governing Body's and its Leadership to account

Health checks and Ofsted inspections, over the last twelve months have deemed four of the schools to be operating at Outstanding and four as Good. Isaac Newton, Caythorpe and Chapel St Leonards are currently the only mainstream schools within the Trust. Against national benchmarks, For further details on all Academies progress, refer to the CIT Website (www.citacademies.co.uk).

FINANCIAL REVIEW

The Trust held fund balances at 31 August 2018 of £22,535,307, comprising £194,987 of restricted funds, a fixed asset reserve of £28,167,859, a pension reserve deficit of £6,419,000 and £591,461 of unrestricted general funds.

Most of the Trusts income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities. During the year ended 31 August 2018, total expenditure of £12,871,413 was less than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of income over expenditure for the period was £243,879.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular; the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is monitored. In the period under review £171,295 was carried forward representing 2.2% of GAG.

Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2018 this was 82.6% and this will be monitored in future periods.

The Trusts non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trusts share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £6,419,000.

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

RESERVES POLICY

The Trustees Policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the Trust and to fund future projects. The Trustees will ensure that the levels of reserves that can be carried forward at the end of the financial year will be in line with the guidance received from the DfE on the treatment of GAG income and other grants. CIT will try to match income with expenditure in the current year and will only carry forward reserves that it considers are necessary for future years' expenditure having regard for:

- 1 Forecasts of levels of income in future years**
- 2 Forecasts for expenditure in future years**
- 3 Analysis of any future development needs and opportunities that could not be met out of annual income**
- 4 Analysis and forecasts of cash flow and fund management**

The Trust intends to build up a prudent level of reserves over a period of time and will review the reserves level annually. The target level of reserves is one month's projected total revenue expenditure, equivalent to £1m as agreed by the Board and the Trust is actively working towards this. This policy is reviewed annually, to ensure it does not unnecessarily limit the amount spent on educational activities, whilst ensuring the Trust's solvency and its future activities are not at risk.

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

- will remain the same or that public funding will continue at the same level or the same terms.
- 2 The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, safeguarding health and safety and discipline.
 - 3 The success of the Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
 - 4 The Trust has appointed internal auditors to carry out checks on financial systems and records as required by the Academy Financial Handbook.
 - 5 Failures in governance / management and in particular the risk that arises from the potential failure to effectively manage the Trusts finances, internal controls, compliance with regulations and legislation, statutory returns etc.
 - 6 The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.)

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

Finance, HR, IT and other universally required services to all schools in the CIT family. It is our belief that there are considerable economies of scale to be realised by centralising the provision of non educational services and utilities.

We have already had success in centralising buying for IT hardware and Insurance services. It is our intention to continue these improvements to realise further cost savings into the Trust

FUNDS HELD AS CUSTODIAN

The charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders.

EQUALITY AND DIVERSITY

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day to day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Community Inclusive Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the

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GOVERNANCE STATEMENT (continued)

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

The Finance Committee may from time to time invite other attendees, employees and non-employees to any

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GOVERNANCE STATEMENT (continued)

and economically. The system of internal control has been in place in Community Inclusive Trust for the year 1 September 2017 to 31 August 2018

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

P Bell
Accounting Officer

Date: 12 December 2018

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:

P Boucher
Chair of Trustees

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

OPINION

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

In our opinion the financial statements:

give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report,

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

the information given in the Trustees' report for the financial year for which the financial statements are

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the

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

CONCLUSION

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM						
Donations and capital grants	2	113,412	(564,000)	7,660,344	7,209,756	1,057,200
Charitable activities	3	504,641	12,947,453	-	13,452,094	11,462,977
Other trading activities						
Teaching school	4	10,850	-	-	10,850	12,547
Teaching school		-	167,839	-		

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REGISTERED NUMBER: 09071623

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		28,076,742		20,452,722
CURRENT ASSETS					
Debtors	14	1,071,644		1,242,062	
Cash at bank and in hand		1,262,810		1,114,850	
		<u>2,334,454</u>		<u>2,356,912</u>	
CREDITORS: amounts falling due within one year	15	<u>(1,456,919)</u>		<u>(1,489,717)</u>	
NET CURRENT ASSETS			<u>877,535</u>		<u>867,201</u>

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STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	484,318	280,015
Cash flows from investing activities:			
Dividends, interest and rents from investments		913	64
Proceeds from the sale of tangible fixed assets		5,050	-
Purchase of tangible fixed assets		(2,191,053)	(799,433)
Capital grants		1,735,344	1,015,644
Cash transferred on conversion to an academy trust		113,412	(10,715)

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

1. ACCOUNTING POLICIES (continued)

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement;

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Woodlands Academy is a PFI school and the property occupied is therefore the subject of a PFI contract. The trustees have given consideration to the detailed terms of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the trust. The trustees have concluded that the PFI contract does indeed transfer the risks and rewards of ownership to the trust and accordingly the property is accounted for under the policies of tangible fixed assets above.

The trustees also give consideration to whether properties held under 125 year leases from the Local Authority transfer the risks and rewards of ownership to the trust. The trustees have concluded that the 125 year leases do indeed transfer the risks and rewards of ownership to the trust and accordingly the properties are accounted for under the policies for tangible fixed assets above.

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FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	913	-	913	648
Total 2017	648	-	648	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £

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FOR THE YEAR ENDED 31 AUGUST 2018

e. STAFF COSTS (continued)

d. Higher paid staff

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

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

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

12. TRUSTEES' AND OFFICERS' INSURANCE

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

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £
Cost or valuation					
At 1 September 2017	3,380,337	17,426,943	91,837	98,944	112,773
Additions	62,574	2,004,081	49,432	27,000	47,966
Disposals	-	-			

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

16. STATEMENT OF FUNDS (continued)

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

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

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

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme

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

16. STATEMENT OF FUNDS (continued)

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

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

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

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

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Transfer from former schools on conversion	19,847,368	38,987	(391,670)	-	-	14,801
Capital expenditure from GAG	97,198	-	-	51,641	-	-
Other DfE/ESFA and gov grants	33,088	1,007,594	-	-	-	1,040,682
Other activities	67,365	60,281	-	-	-	127,646
	<u>20,044,960</u>	<u>1,106,812</u>	<u>(391,670)</u>	<u>51,641</u>	<u>-</u>	<u>20,811,749</u>
Total restricted funds	<u>12,080,937</u>	<u>12,119,622</u>	<u>(11,902,953)</u>	<u>-</u>	<u>2,084,000</u>	<u>14,331,608</u>
Total of funds	<u>12,486,229</u>	<u>12,618,145</u>	<u>(12,432,451)</u>	<u>-</u>	<u>2,084,000</u>	<u>14,705,923</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018	Total funds
Tangible fixed assets	-	-	280,000	280,000
Current assets	591,461	1,598,028	14,000	2,193,489
Creditors due within one year	-	(1,408,041)	(5,000)	(1,413,041)
Provisions for liabilities and charges	-	(641,900)	-	(641,900)
	<u>591,461</u>	<u>1,188,087</u>	<u>280,000</u>	<u>1,959,548</u>

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22. PENSION COMMITMENTS (continued)

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

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

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

The employer's pension costs paid to TPS in the period amounted to \$669,05€ (2017- £591,08€).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([http://www.teacherspensions.gov.uk](#))

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22. PENSION COMMITMENTS (continued)

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

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

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23. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£	£
Land and Buildings - Amounts payable:		
Within 1 year	256,858	274,038
Between 1 and 5 years	1,017,057	1,019,807
After more than 5 years	2,286,972	2,541,080
Total	<u>3,560,887</u>	<u>3,834,925</u>
Other - Amounts payable:		
Within 1 year	11,745	21,798
Between 1 and 5 years	11,235	617
Total	<u>22,980</u>	<u>27,971</u>

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

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

