

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2016**

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**Coastal Academies Trust**  
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**Contents**

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	Page
<b>Reference and administrative details</b>	1
<b>Directors' report</b>	2 - 7
<b>Governance statement</b>	8 - 10
<b>Statement on regularity, propriety and compliance</b>	11
<b>Statement of Directors' responsibilities</b>	12
<b>Independent auditors' report on the financial statements</b>	13 - 14
<b>Independent reporting accountant's assurance report on regularity</b>	15 - 16
<b>Statement of financial activities incorporating income and expenditure account</b>	17
<b>Balance sheet</b>	18
<b>Statement of cash flows</b>	19
<b>Notes to the financial statements</b>	20 - 39

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Reference and Administrative Details of the Company, its Directors and Advisers**  
**For the Year Ended 31 August 2016**

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<b>Members</b>	Dr. V. Austin Mr. R.M. Copper Mr. N. Hudson (resigned 18 July 2016) Mr. P. Rodd
<b>Directors</b>	Dr V Austin, Chair of Directors <sup>1</sup> Mr N Hudson, Vice Chair of Directors (resigned 18 July 2016) <sup>1</sup> Mr P J Luxmoore, Executive Headteacher <sup>1</sup> Mr R Curtis, Chair of Finance Committee <sup>1</sup> Mr R M Copper Mrs C Murray Mr P Rodd Dr P Troke (resigned 14 April 2016) Mr C Argent (appointed 21 March 2016) <sup>1</sup> Professor C Parsons (appointed 1 April 2016) Ms H Pugh (appointed 18 July 2016) Mr N A Smith (appointed 18 July 2016) Mr A Leale-Green (appointed 18 July 2016) Mr G J Flynn (appointed 18 July 2016)  <sup>1</sup> member of the Finance Committee
<b>Company registered number</b>	07552665
<b>Company name</b>	Coastal Academies Trust
<b>Principal and registered office</b>	King Ethelbert School Canterbury Road Birchington Kent CT17 9BL
<b>Company secretary</b>	Mr. R. Saffery
<b>Senior management team</b>	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. A. Somers - Resigned 31 August 2016, Headteacher - Hartsdown Academy Mr. M. Tate - Appointed 1 September 2016, Headteacher - Hartsdown Academy
<b>Independent auditors</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ

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**Coastal Academies Trust**  
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**Directors' Report**  
**For the Year Ended 31 August 2016**

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The Directors present their annual report, together with the audited financial statements of Coastal Academies Trust (the Company) for the year ended 31 August 2016.

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 2015/16 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.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Directors' Report (continued)**  
**For the Year Ended 31 August 2016**

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**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 9.

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 8.

**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). Cliftonville Primary School Parent Teacher Association (charity number 1036939) ceased to exist and the balance on this account was transferred to the unrestricted funds of this school on 14 June 2016.

**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**  
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**Directors' Report (continued)**  
**For the Year Ended 31 August 2016**

**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**

KS4 results							
School	% 5x*-C inc E+M best entry		% 5x*-C inc E+M first entry		% E+M combined (first)	Attainment 8	Progress 8
	2015	2016	2015	2016	2016	2016	2016
Dane Court	93	100	93	100	100	64.4	+0.04
Hartsdown	41	24	36	23	37	30.20	-0.68
King Ethelbert	53	63	45	53	56	47.95	+0.22

IBDP Results				
School	% students with 24 points or above		Average grade	
	2015	2016	2015	2016
Dane Court	98.8	95.7	5.6	5.3

IBCP Results						
School	% certificate awarded		% pass rate voc		Average IB grade	
	2015	2016	2015	2016	2015	2016
Dane Court	97	93.2	97	87	4.6	4.4
King Ethelbert	100	90	96	100	4.4	4.2

KS2 Results			
		Cliftonville Primary School	National
		All	All
R/W/M	% Exp+	57	53
R/W/M	% Higher Std	6	5
Reading	% Exp+	66	66
Reading	% Higher std	22	19
Writing	% Exp+	78	74
Writing	% greater depth	9	15
GPS	% Exp+	67	72
GPS	% Higher std	14	23
Maths	% Exp+	78	70
Maths	% Higher std	14	17
Reading	Av scaled score	102	103
GPS	Av scaled score	102	104
Maths	Av scaled score	103	103

In addition to the above we have:

- Significantly reduced the in-year spending at Hartsdown Academy by re-structuring the staffing.
- Re-structured the delivery of the curriculum at Dane Court Grammar School saving approximately £700k
- Completed the successful transition of Cliftonville Primary School in to a 4 form of entry school.

**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.

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**Coastal Academies Trust**  
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**Directors' Report (continued)**  
**For the Year Ended 31 August 2016**

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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 2015/16. Cliftonville Primary School expanded from 3 to 4 forms of entry with effect from September 2015.

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**

The Company's principle income comes from the Education Funding Agency 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 2016 the Company received total income of £23.3m comprising £20m of restricted funds, £2.7 million capital income through the fixed asset fund and £566k unrestricted income which included income for the hire of facilities and catering services. As well as capital grant funding of £77k from the EFA, the £2.7 million capital income also includes, as a donation, the £2.6m deemed value of a building handed over to the Company by Kent County Council.

Expenditure amounted to £22.5m in total. Of this £21.4m was attributable to the Company's charitable activities in undertaking educational operations together with governance costs and some fundraising costs. The balance of expenditure related to depreciation charges of £1.1m through the restricted fixed asset fund. This depreciation charge is a non-cash movement to write down capital items, most of which comprises the depreciation on the school buildings inherited on conversion.

Therefore whilst the SoFA reports net incoming resources for the year of £720k this result is heavily influenced by both the capital donation and depreciation charge within the restricted fixed asset fund.

Unrestricted funds show a surplus for the year of £162k, and whilst the SoFA includes a deficit of £964k on restricted funds, £510k of this relates to part of the total movement in the Local Government Pension Scheme (LGPS) deficit (see below). The result on revenue operating funds was therefore a deficit of £292k excluding these LGPS charges over which the trust has no control.

It should be further noted that this deficit arises after costs relating to a major re-structuring of staff at Dane Court Grammar School and Hartsdown Academy. In total the trust has incurred restructuring costs of £320k as detailed in note 8 and without these there would be an overall small revenue surplus. An immense amount of work has been undertaken to improve the financial position of the trust moving forward, demonstrated by the original deficit forecast of £909k.

The LGPS charges noted above are only part of the total £4.8m increase in the LGPS pension liability. The actuarial loss of £4.3m is shown separately on the SoFA, beneath net income before other realised gains and losses, and is largely responsible for the total reduction in funds of £3.6m. This actuarial loss, despite its size, is not alarming - it is an accounting adjustment to estimate, as a point in time, the potential pension scheme liabilities. This year the actuary who has calculated the movement in the deficit has advised that academies, in general, have seen their deficits increase considerably this year due to the fall in corporate bond yields, particularly after Brexit.

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 purpose of the actuarial valuation is to determine the contribution rate for the employer that over the long term will match liabilities and assets. 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.

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**Directors' Report (continued)**  
**For the Year Ended 31 August 2016**

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At the end of August 2016 the net book value of assets amounted to £54m (2015: £52.4 million). 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 2016 amounted to £45.3m (2015: £48.9m). After removing the fixed assets – which are predominantly non-realizable assets – and the LGPS deficit, the total Company revenue funds at the year end were £1.4 million (2015: £1.7 million). In addition the Company was holding unspent capital formula funding, in cash terms, of £50,995 at the year end.

**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. Whilst operating conditions in the year 2015/16 have meant that reserves have reduced during the Academy Restructuring, 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.

*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 to which no risk of loss is attached. 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**

- To improve the educational outcomes at all member schools.
- To improve the strategy for the recruitment and retention of staff as well as the development of leaders within the trust.
- To improve the quality of management information across all schools in order to strengthen the quality of decision making.
- To continue to manage budget reductions and consider new ways to generate income.
- Oversee the conversion of Royal Harbour Academy to an academy sponsored by Coastal Academies Trust.
- To successfully submit a bid for a Free School on the Hartsdown Academy site.
- To introduce a GAG pooling policy to (i) cover the costs of pre-agreed shared resources supported, as necessary, by service level agreements and (ii) to create a fund when a collective financial need has been identified.

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**Directors' Report (continued)**  
**For the Year Ended 31 August 2016**

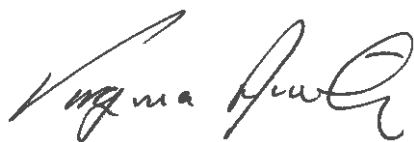
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**Auditors**

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 28 November 2016 and signed on the board's behalf by:



Dr. V. Austin, Chair of Trustees



Mr. P.J. Luxmoore, Accounting Officer

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**Coastal Academies Trust**  
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**Governance Statement**

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**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 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 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. One of these meetings was an extraordinary meeting held on 7 July 2016 when three potential Directors met with the existing Board. These Directors, and one other, were formally appointed to the Board (under Articles 46a and 58) at the Board meeting on 18th July 2016. 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	5	6
Mr N Hudson	4	6
Mr P J Luxmoore, Executive Headteacher	6	6
Mr R Curtis, Chair of Finance Committee	5	6
Mr R M Copper	6	6
Mrs C Murray	3	6
Mr P Rodd	4	6
Dr P Troke	2	3
Mr C Argent	4	4
Professor C Parsons	2	3

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

Director	Meetings attended	Out of a possible
Mr. R. Curtis, Chair of Audit Committee	2	2
Mr. C.L. Argent	2	2
Mr. N. Hudson, Vice Chair of Directors	2	2
Mr. H. Scobie	2	2
Mr. P. J. Luxmoore, Executive Headteacher	2	2
Dr. V. Austin, Chair of Directors	2	2

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**Governance Statement (continued)**

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The Finance Committee of Dane Court Grammar School and King Ethelbert School, the Resources Committee of Cliftonville Primary School and the Resources Committee of Hartsdown Academy are sub-committees of the main Board of Directors. Their purpose is to assist the decision making of the Directors by enabling more detailed consideration to be given to the best means of fulfilling the Directors' responsibility to ensure sound financial management.

Attendance at meetings in the year was as follows:

Trustee/Local Governor	Meetings attended	Out of a possible
Dr. V. Austin *	3	3
Mr. N. Hudson, Committee Chair *	3	3
Mr. P.J. Luxmoore *	3	3
Mr. D.J. Ellis *	3	3
Mr. J.M. Lycett *	3	3
Mrs J. Baker *	0	1
Mr. H. Scobie, Committee Chair **	3	3
Mrs C. Murray **	3	3
Mrs. A. Crittenden **	3	3
Mrs P. Standen **	3	3
Mr A. Heath **	3	3
Rev. J. Richardson **	1	1
Mr. C.L. Argent, Committee Chair ***	5	5
Mr. A. Somers, Principal ***	5	5
Dr. P. Troke ***	2	2
Dr. M. Shepherd***	5	5
Mr. C. Panteli***	1	2
Mr. B. Weatherly***	2	5

\* Finance Committee of Dane Court Grammar School and King Ethelbert School

\*\* Resources Committee of Cliftonville Primary School

\*\*\* Resources Committee of Hartsdown Academy

**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 the insurance policy covering three CAT schools (with the fourth to join the scheme in December 2016) and energy procurement across CAT taking advantage of the low oil prices prevalent at the time. The intention is to increase the number of CAT-wide contracts where practicable to further deliver economies of scale.

**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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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**Governance Statement (continued)**

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**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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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;
- identification and management of risks.

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 2016 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 28 November 2016 and signed on their behalf, by:

  
Dr. V. Austin  
Chair of Trustees

  
Mr. P.J. Luxmoore  
Accounting Officer

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**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of Coastal Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

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 2015.

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 EFA.



Mr. P.J. Luxmoore  
Accounting Officer

Date: 28 November 2016

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Statement of Directors' Responsibilities**  
**For the Year Ended 31 August 2016**

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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 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:

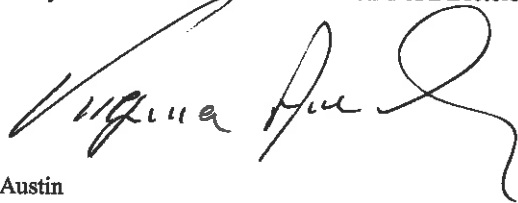
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 the EFA/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 28 November 2016 and signed on its behalf by:



Dr. V. Austin  
Chairman of the Board of Directors

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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

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

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

**Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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

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

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

- 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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: 13 December 2016

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Coastal Academies Trust and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Coastal Academies Trust and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 2016 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw 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.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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

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**Conclusion**

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

*UHY Kent LLP*

Allan Hickie BSc FCA

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

Date: *13 December 2016*

**Coastal Academies Trust**  
(A company limited by guarantee)

**Statement of Financial Activities Incorporating Income and Expenditure Account**  
**For the Year Ended 31 August 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations & capital grants:						
Transfers on existing academies moving into the trust	2	-	-	-	-	10,279,029
Other donations and capital grants	2	18,365	13,205	2,675,335	2,706,905	193,543
Charitable activities	4	465,392	20,032,358	-	20,497,750	20,025,277
Other trading activities		69,082	-	-	69,082	37,496
Investments	3	12,681	-	-	12,681	14,944
<b>Total income</b>		<b>565,520</b>	<b>20,045,563</b>	<b>2,675,335</b>	<b>23,286,418</b>	<b>30,550,289</b>
<b>Expenditure on:</b>						
Raising funds		17,131	-	-	17,131	11,077
Charitable activities		386,260	21,009,885	1,153,057	22,549,202	21,807,272
<b>Total expenditure</b>	5	<b>403,391</b>	<b>21,009,885</b>	<b>1,153,057</b>	<b>22,566,333</b>	<b>21,818,349</b>
<b>Net income / (expenditure) before transfers</b>						
Transfers between Funds	17	162,129 (428,486)	(964,322) 364,312	1,522,278 64,174	720,085	8,731,940
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(266,357)</b>	<b>(600,010)</b>	<b>1,586,452</b>	<b>720,085</b>	<b>8,731,940</b>
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(4,332,000)	-	(4,332,000)	110,000
<b>Net movement in funds</b>		<b>(266,357)</b>	<b>(4,932,010)</b>	<b>1,586,452</b>	<b>(3,611,915)</b>	<b>8,841,940</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	17	1,113,547	(4,656,439)	52,456,290	48,913,398	40,071,458
<b>Total funds carried forward</b>		<b>847,190</b>	<b>(9,588,449)</b>	<b>54,042,742</b>	<b>45,301,483</b>	<b>48,913,398</b>

The notes on pages 20 to 39 form part of these financial statements.


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

**Balance Sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	13		54,008,855		52,447,758
<b>Current assets</b>					
Stocks	14	17,283		16,835	
Debtors	15	515,118		578,266	
Cash at bank and in hand		1,924,763		2,398,947	
		2,457,164		2,994,048	
<b>Creditors: amounts falling due within one year</b>	16	(1,067,536)		(1,273,408)	
<b>Net current assets</b>			1,389,628		1,720,640
<b>Total assets less current liabilities</b>			55,398,483		54,168,398
Pension scheme liabilities	21		(10,097,000)		(5,255,000)
<b>Net assets including pension scheme liabilities</b>			45,301,483		48,913,398
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	508,551		598,561	
Restricted fixed asset funds	17	54,042,742		52,456,290	
Restricted income funds excluding pension liability		54,551,293		53,054,851	
Pension reserve		(10,097,000)		(5,255,000)	
<b>Total restricted income funds</b>			44,454,293		47,799,851
Unrestricted income funds	17		847,190		1,113,547
<b>Total funds</b>			45,301,483		48,913,398

The financial statements were approved by the Directors, and authorised for issue, on 28 November 2016 and are signed on their behalf, by:

  
 Dr. V. Austin  
 Chair of Directors

  
 Mr. P. J. Luxmoore  
 Accounting Officer

The notes on pages 20 to 39 form part of these financial statements.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2016**

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	<b>Note</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(458,667)	250,303
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		12,681	14,944
Purchase of tangible fixed assets		(97,484)	(195,675)
Capital grants from DfE/EFA		75,771	114,874
Cash transferred on new academy joining the trust		-	23,384
<b>Net cash used in investing activities</b>		<b>(9,032)</b>	<b>(42,473)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(467,699)</b>	<b>207,830</b>
Cash and cash equivalents brought forward		2,392,462	2,184,632
<b>Cash and cash equivalents carried forward</b>		<b>1,924,763</b>	<b>2,392,462</b>

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

**First time adoption of FRS 102**

It is the first period that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards, however generally the impact of these has had no effect on comparative figures.

The main impact has therefore been to change the presentation of certain items in the accounts in order to comply with the new legislation, notably:

- i) capital grants are now shown in a donations and capital grants row on the Statement of Financial Activities, rather than within incoming resources from charitable activities; and
- ii) governance costs are now included with support costs, within costs of charitable activities, instead of appearing on a separate line on the Statement of Financial Activities.

The comparative figures have been restated only in respect of the recognition of LGPS interest costs. Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £120,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount. There is therefore no impact on the brought forward fund position or net movement in funds in the comparative period.

**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 Funding Agency.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies (continued)**

**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 there is certainty of receipt 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.

**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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.5 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..

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

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

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.

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.

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 Leasehold 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

**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 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 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.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies (continued)**

**1.11 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.

**1.12 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.

**1.13 Liabilities and provisions**

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

**1.14 Financial instruments**

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.15 Pensions**

Retirement benefits to employees of the Company are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Company.

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 21, 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

**Coastal Academies Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**1. Accounting Policies (continued)**

**1.16 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

The 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. Income from donations and capital grants**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfers on existing academies moving into the trust	-	-	-	-	10,279,029
Other donations	18,365	13,205	2,599,564	2,631,134	78,669
Capital grants	-	-	75,771	75,771	114,874
	18,365	13,205	2,675,335	2,706,905	193,543
	18,365	13,205	2,675,335	2,706,905	10,472,572

In 2015, of the total income from donations and capital grants, £10,343,634 was to unrestricted funds and £128,938 was to restricted funds.

**3. Investment income**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	12,681	-	12,681	14,944

In 2015, of the total investment income, £14,944 was to unrestricted funds and £NIL was to restricted funds.

**Coastal Academies Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**4. Funding for Academy's educational operations**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	17,307,158	17,307,158	16,365,153
Other DfE/EFA grants	-	1,571,002	1,571,002	1,545,195
	-	18,878,160	18,878,160	17,910,348
<b>Other government grants</b>				
Other government grants	-	614,867	614,867	1,077,933
	-	614,867	614,867	1,077,933
<b>Other funding</b>				
Other income from the academy trust's educational operations	211,347	73,933	285,280	316,899
Thanet Skills Studio	-	80,912	80,912	189,636
School trips	3,483	384,486	387,969	334,399
Catering income	219,032	-	219,032	169,586
Extended day income	31,530	-	31,530	26,476
	465,392	539,331	1,004,723	1,036,996
	465,392	20,032,358	20,497,750	20,025,277

In 2015, of the total income from charitable activities, £397,628 was to unrestricted funds and £19,627,649 was to restricted funds.

**5. Expenditure**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	17,131	17,131	11,077
Academy trust's educational activities:					
Direct costs	14,658,665	929,686	1,502,145	17,090,496	16,149,022
Support costs	2,445,257	1,253,611	1,759,838	5,458,706	5,658,250
	17,103,922	2,183,297	3,279,114	22,566,333	21,818,349

In 2016, of the total expenditure, £441,391 (2015 - £376,229) was to unrestricted funds and £22,124,942 (2015 - £21,442,120) was to unrestricted funds.

**Coastal Academies Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**6. Charitable activities**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	11,942,619	11,195,557
National insurance	922,631	865,057
Pension cost	1,793,415	1,343,846
Depreciation	1,095,404	1,051,615
Books, apparatus and stationery	422,239	611,250
Examination fees	344,280	315,020
Staff development	85,326	105,414
Educational consultancy	484,582	661,263
	<u>17,090,496</u>	<u>16,149,022</u>
<b>Support costs - educational operations</b>		
Wages and salaries	1,586,578	1,456,290
National insurance	94,942	87,377
Pension cost	763,737	783,599
Depreciation	57,653	55,348
Maintenance of premises and equipment	201,933	331,380
Cleaning	237,200	255,316
Rent and rates	188,854	206,040
Heat and light	369,130	328,714
Insurance	122,852	119,673
Security	18,011	10,528
Transport	27,492	29,564
Catering	310,354	287,976
Technology costs including managed IT services	258,649	320,557
Bank interest and charges	8,268	6,852
Other support costs	499,363	462,318
Recruitment and support	107,797	134,124
Travel and subsistence	21,253	17,854
Other support costs	377,272	331,937
	207,368	432,803
	<u>5,458,706</u>	<u>5,658,250</u>
	<u>22,549,202</u>	<u>21,807,272</u>

**7. Net incoming resources/(resources expended)**

This is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Depreciation of tangible fixed assets:		
- owned by the charity	1,153,059	1,106,964
Operating lease rentals	202,517	161,306
	<u>1,355,576</u>	<u>1,268,270</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**8. Staff costs**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	12,892,296	12,257,176
Social security costs	1,017,573	952,434
Operating costs of defined benefit pension schemes	2,557,152	2,127,445
	<u>16,467,021</u>	<u>15,337,055</u>
Supply teacher costs	316,960	253,985
Staff restructuring costs	319,941	140,686
	<u>17,103,922</u>	<u>15,731,726</u>

Staff restructuring costs comprise:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Redundancy payments	258,775	132,686
Severance payments	29,750	8,000
Premature retirement costs	31,416	-
	<u>319,941</u>	<u>140,686</u>

The severance payments comprise individual amounts of £15,000, £10,000, £4,000 and £750.

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	247	245
Administration and support	261	278
Management	20	20
	<u>528</u>	<u>543</u>

Average headcount expressed as a full time equivalent:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	224	229
Administration and support	175	178
Management	20	20
	<u>419</u>	<u>427</u>

**Coastal Academies Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**8. Staff costs (continued)**

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

	<b>2016</b>	<i>2015</i>
	<b>No.</b>	<i>No.</i>
In the band £ 60,001 - £ 70,000	4	6
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	0	1
In the band £ 90,001 - £ 100,000	3	1
In the band £ 100,001 - £ 110,000	1	0
In the band £ 120,001 - £ 130,000	0	1
In the band £ 130,001 - £ 140,000	1	1

Ten of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £128,048 (2015 - £99,362). One other employee participated in the Local Government Pension Scheme. Pension contributions amounted to £14,936 (2015 - £12,883).

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 £691,312 (2015 - £432,947).

**9. 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:

		<b>2016</b>	<i>2015</i>
		<b>£</b>	<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>15,000-20,000</i>

During the year ended 31 August 2016, travel expenses totalling £2,407 (2015 - £2,268) were reimbursed to 1 Director (2015 - 2).

**10. Auditors' remuneration**

	<b>2016</b>	<i>2015</i>
	<b>£</b>	<i>£</i>
Fees payable to the auditor and its associates for the audit of the trust's accounts	17,535	<i>16,950</i>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	1,460	<i>1,400</i>
Internal audit services	4,270	<i>6,750</i>
All other non-audit services not included above	4,800	<i>4,791</i>

**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 2016 was £3,278 (2015 - £1,358).

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**12. Central services**

No central services were provided by the Company to its academies during the year and no central charges arose.

**13. Tangible fixed assets**

	Freehold land and buildings £	L/Term Leasehold Property £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment and software £	Total £
<b>Cost</b>						
At 1 September 2015	43,461,098	12,025,235	25,675	702,281	381,903	56,596,192
Additions	2,599,564	18,393	-	64,111	32,088	2,714,156
At 31 August 2016	<u>46,060,662</u>	<u>12,043,628</u>	<u>25,675</u>	<u>766,392</u>	<u>413,991</u>	<u>59,310,348</u>
<b>Depreciation</b>						
At 1 September 2015	3,271,272	107,185	9,093	533,373	227,511	4,148,434
Charge for the year	835,699	142,918	6,419	74,738	93,285	1,153,059
At 31 August 2016	<u>4,106,971</u>	<u>250,103</u>	<u>15,512</u>	<u>608,111</u>	<u>320,796</u>	<u>5,301,493</u>
<b>Net book value</b>						
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>
At 31 August 2015	<u>40,189,826</u>	<u>11,918,050</u>	<u>16,582</u>	<u>168,908</u>	<u>154,392</u>	<u>52,447,758</u>

Included in land and buildings is freehold land at valuation of £3,625,843 (2015 - £3,625,843) and leasehold land of £1,592,941 (2015 - £1,592,941) which is not depreciated.

**14. Stocks**

	2016 £	2015 £
Clothing	12,000	12,000
Catering	5,283	4,835
	<u>17,283</u>	<u>16,835</u>

**15. Debtors**

	2016 £	2015 £
Trade debtors	81,807	63,562
Other debtors	42,053	140,138
Prepayments and accrued income	391,258	374,566
	<u>515,118</u>	<u>578,266</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**16. Creditors: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	£	£
Bank loans and overdrafts	-	6,485
Trade creditors	212,493	350,192
Other taxation and social security	258,164	251,441
Other creditors	47,985	119,176
Accruals and deferred income	548,894	546,114
	<u>1,067,536</u>	<u>1,273,408</u>
	<b>2016</b>	<b>2015</b>
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2015	240,946	335,900
Resources deferred during the year	221,573	92,195
Amounts released from previous years	(240,946)	(187,149)
Deferred income at 31 August 2016	<u>221,573</u>	<u>240,946</u>

Deferred income comprises the following received in advance for the 2016/17 academic year:

	<b>2016</b>	<b>2015</b>
	£	£
Contributions towards trips	93,804	84,548
EFA rates grant	71,272	63,940
EFA sponsorship grant	-	36,989
Universal infant free school meals grant	52,386	43,978
Other	4,111	11,495
Total	<u>221,573</u>	<u>240,950</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**17. Statement of funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	1,113,547	565,520	(403,391)	(428,486)	-	847,190
<b>Restricted funds</b>						
General Annual Grant (GAG)	(78,088)	17,400,329	(17,918,292)	474,345	-	(121,706)
Other DfE/EFA 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)
	(4,656,439)	20,045,563	(21,009,885)	364,312	(4,332,000)	(9,588,449)
<b>Restricted fixed asset funds</b>						
Capital grants	164,563	75,771	(80,132)	-	-	160,202
Donated asset fund	52,104,064	2,599,564	(1,027,578)	-	-	53,676,050
Capital expenditure from unrestricted fund	161,743	-	(29,916)	-	-	131,827
Sport England grant	23,386	-	(7,936)	-	-	15,450
Capital expenditure from GAG	2,534	-	(7,495)	64,174	-	59,213
	52,456,290	2,675,335	(1,153,057)	64,174	-	54,042,742
Total restricted funds	47,799,851	22,720,898	(22,162,942)	428,486	(4,332,000)	44,454,293
Total of funds	48,913,398	23,286,418	(22,566,333)	-	(4,332,000)	45,301,483

See the following page for details of the specific purposes of the above funds.

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**17. Statement of funds (continued)**

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

- (i) General Annual Grants must be used for the normal running costs of each individual academy, and hence are shown as a separate restricted fund.
- (ii) The Other DfE/EFA grant fund relates to income received from the DfE and EFA, and included Pupil Premium and Universal Infant Free School Meal grants.
- (iii) The Other Government grant fund relates to restricted income received from other government bodies and includes money received from Kent County Council.
- (iv) The pension reserve relates to the academy trust's share of the deficit of the Local Government Pension Scheme overseen by its Local Authority.
- (v) 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.
- (vi) 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 £64k 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 2016.

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Dane Court Grammar School	408,840	713,038
King Ethelbert School	850,032	741,024
Cliftonville Primary School	646,374	648,061
Hartsdown Academy	(549,505)	(390,015)
Total before fixed asset fund and pension reserve	1,355,741	1,712,108
Restricted fixed asset fund	54,042,742	52,456,290
Pension reserve	(10,097,000)	(5,255,000)
Total	45,301,483	48,913,398

**Coastal Academies Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**17. Statement of funds (continued)**

The overall GAG fund shown in note 17 is in deficit but this relates solely to the following which is carrying an overall deficit on revenue funds, including GAG, as noted below. The other three academies within the trust all have surplus GAG positions at 31 August 2016.:

Name of academy with deficit funds	Amount of deficit £
Hartsdown Academy	549,505

The re-structuring of Hartsdown's staffing during the year has resulted in a predicted budget showing a small in-year surplus for 2016/17. The existing 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) Undertaking a 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 2016 £	Total 2015 £
Dane Court Grammar School	4,563,142	466,256	1,049,926	585,810	6,665,134	6,138,922
King Ethelbert School	3,135,822	602,821	80,980	610,979	4,430,602	4,978,850
Cliftonville Primary School	2,326,890	362,036	152,787	429,713	3,271,426	3,022,930
Hartsdown Academy	4,830,212	795,975	357,710	1,062,217	7,046,114	6,450,684
	<u>14,856,066</u>	<u>2,227,088</u>	<u>1,641,403</u>	<u>2,688,719</u>	<u>21,413,276</u>	<u>20,591,386</u>

**18. Analysis of net assets between funds**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	54,008,855	54,008,855	52,447,758
Current assets	807,743	1,598,426	50,995	2,457,164	2,994,048
Creditors due within one year	39,447	(1,089,875)	(17,108)	(1,067,536)	(1,273,408)
Pension scheme liability	-	(10,097,000)	-	(10,097,000)	(5,255,000)
	<u>847,190</u>	<u>(9,588,449)</u>	<u>54,042,742</u>	<u>45,301,483</u>	<u>48,913,398</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income for the year (as per Statement of financial activities)	720,085	8,731,940
<b>Adjustment for:</b>		
Depreciation charges	1,153,059	1,106,964
Dividends, interest and rents from investments	(12,681)	(14,944)
Increase in stocks	(448)	(3,525)
Decrease/(increase) in debtors	63,148	(203,506)
(Decrease)/increase in creditors	(216,495)	485,498
Capital grants from DfE and other capital income	(75,771)	(114,874)
Defined benefit pension scheme obligation inherited	-	1,935,000
Defined benefit pension scheme cost less contributions payable	311,000	267,000
Defined benefit pension scheme finance cost	199,000	198,000
Cash impact of transfers in to the academy trust	-	(23,384)
Transfers into the trust	-	(12,113,866)
Capital donation by Local Authority	(2,599,564)	-
<b>Net cash (used in)/provided by operating activities</b>	<b>(458,667)</b>	<b>250,303</b>

**20. Analysis of cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,924,763	2,398,947
Overdraft facility repayable on demand	-	(6,485)
<b>Total</b>	<b>1,924,763</b>	<b>2,392,462</b>

**21. 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 2013.

Contributions amounting to £45,000 were payable to the schemes at 31 August 2016 (2015 - £115,000) 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.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**21. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £1,495,000 (2015: £1,197,000).

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](http://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 2016 was £754,000. (2015: £388,000), of which employer's contributions totalled £578,000 (2015: £304,000) and employees' contributions totalled £176,000. (2015: £84,000). The agreed contribution rates until April 2017 are 19.80% for employers and 5.5 to 12.5% for employees. The trust is waiting to receive confirmation of contribution rates for future years.

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:

	2016	2015
Discount rate for scheme liabilities	2.20 %	3.90 %
Rate of increase in salaries	4.10 %	4.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**21. Pension commitments (continued)**

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

	<b>2016</b>	<i>2015</i>
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	<b>Fair value at 31 August 2016 £</b>	<i>Fair value at 31 August 2015 £</i>
Equities	4,723,000	3,786,000
Debt instruments	808,000	806,000
Property	979,000	612,000
Cash	167,000	145,000
Other	304,000	242,000
Other - user input	-	-
Total market value of assets	<u>6,981,000</u>	<u>5,591,000</u>

The actual return on scheme assets was £490,000. (2015: £105,000).

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

	<b>2016 £</b>	<i>2015 £</i>
Current service cost (net of employee contributions)	(847,000)	(814,000)
Net interest cost	(199,000)	(198,000)
Past service cost	(38,000)	-
Administration expenses	(4,000)	-
Total	<u>(1,088,000)</u>	<u>(1,012,000)</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**21. Pension commitments (continued)**

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

	<b>2016</b>	<b>2015</b>
	£	£
Opening defined benefit obligation	10,846,000	5,813,000
Current service cost	847,000	814,000
Interest cost	433,000	358,000
Contributions by employees	176,000	168,000
Actuarial losses/(gains)	4,933,000	(165,000)
Past service costs	38,000	-
Benefits paid	(195,000)	(178,000)
Transfer in from existing academy joining the trust	-	4,036,000
	<u>17,078,000</u>	<u>10,846,000</u>

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

	<b>2016</b>	<b>2015</b>
	£	£
Opening fair value of scheme assets	5,711,000	2,848,000
Interest income	234,000	280,000
Actuarial gains and (losses)	601,000	(55,000)
Contributions by employer	578,000	547,000
Contributions by employees	176,000	168,000
Benefits paid	(195,000)	(178,000)
Transfer in from existing academies joining the trust	-	2,101,000
Administration expenses	(4,000)	-
	<u>7,101,000</u>	<u>5,711,000</u>

**Coastal Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**22. Operating lease commitments**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	179,687	203,572
Between 1 and 5 years	85,411	225,174
Total	<u>265,098</u>	<u>428,746</u>

**23. 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.

Donations of £nil (2015 - £1,250) were received from the Dane Court Grammar School Parents Association, a separately registered charity, during the year.

Income of £47,564 (2015 - £87,587) was received and expenditure of £7,344 (2015 - £9,924) 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 2016, EKLA owed the academy trust £3,332 (2015 - £nil).

Mrs. D. Jackson, the daughter of Mrs. P. Godden, a local governing body governor, worked at King Ethelbert School during the year and was paid a salary, under an employment contract, for her role as a teacher. Mrs. P. Godden, had no involvement in the appointment of Mrs. D. Jackson and the trustees are comfortable that Mrs. D. Jackson's salary provides value for money and is not at a preferential rate.

Mr. T. Jackson, the son in law of Mrs. P. Godden, a local governing body governor, worked at King Ethelbert School during the year and was paid a salary, under an employment contract, for his role as a teacher. Mrs. P. Godden, had no involvement in the appointment of Mr. T. Jackson and the trustees are comfortable that Mr. T. Jackson's salary provides value for money and is not at a preferential rate.

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.

In entering into all of the above transactions the trust has fully complied with the requirements of the Academies Financial Handbook 2015.

**24. 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.

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**Coastal Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**25. 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.