

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 7
Governance statement	8 - 12
Statement on regularity, propriety and compliance	13
Statement of trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 17
Independent auditors' assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21 - 22
Statement of cash flows	23
Notes to the financial statements	24 - 47

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Mr R S Plumbly (appointed 8 March 2017)
Mr J A Frost (appointed 8 March 2017)
Mrs A Shaw (appointed 8 March 2017)
Rev J Blandford-Baker (appointed 8 March 2017)
Dr S Jaccaud (appointed 29 June 2017)

Trustees

Dr A D Batey# (resigned 21 September 2016)
Mrs L C Birch*#, Executive Principal
Mr R S Plumbly*, Vice Chair
Mr K J Reynolds*
Mr J A Frost#, Chair
Mrs K L Monk#
Ms P R Todman#
Mr M E Woods
Mr P D Larbey

*members of the finance and premises committee, # members of the personnel committee.

Company registered number

08304433

Company name

Cambridge Primary Education Trust

Principal and registered office

Histon and Impington Junior School, The Green, Histon, Cambridge, CB24 9JA

Executive principal

Mrs L C Birch

Senior leadership team

Mr J Newman, HHS Headteacher
Mrs C Hales, HHS Assistant Headteacher
Mrs H Lorimer, HIJS Headteacher
Mr J-M Winstanley, HIJS Assistant Headteacher
Mrs J Jenkins, HIJS Assistant Headteacher
Mr A Aguda, HP Headteacher
Mr J Canavan, HP Assistant Headteacher

HHS - Histon & Impington Infant school, HIJS - Histon & Impington Junior School, HP - Hatton Park Primary School

Independent auditors

Larking Gowen, King Street House, 15 Upper King Street, Norwich, NR3 1RB

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers

Barclays Bank PLC, 9-11 St Andrews Street, Cambridge, CB2 3AA

Solicitors

Stone King LLP, Cambridge Office, Thirty Station Road, Cambridge, CB1 2RE

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. Constitution

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

The charitable company's memorandum and Articles of Association (as updated on 8 March 2017) are the primary governing documents of the Trust.

There are five Members and eight Trustees of Cambridge Primary Education Trust. Two of the Members are also Trustees and there is 1 Trustee vacancy.

The charitable company is known as Cambridge Primary Education Trust.

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

The principal activity of the Trust is to operate three academies, Hatton Park Primary School (HP), Histon & Impington Infant School (HIIS), and Histon & Impington Junior School (HIJS).

b. Members' liability

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

c. Trustees' indemnities

The Trust has Trustee Liability Insurance for a limit of £2,000,000.

d. Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are appointed by the members under the terms of the Articles of Association.

The members are the company law members of the Trust and comprise Robert Plumby, John Frost, the Reverend James Blandford-Baker, Ann Shaw and Sabine Jaccaud. The members may appoint up to 9 Trustees, while the Executive Principal is also appointed as one of the Trustees. The Trust operates School Advisory Bodies and the members of those School Advisory Bodies include elected parents and staff.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience; an induction is given to all Trustees. During the year, the Trust has subscribed to the Governor Training Programme provided by the Local Authority and the National Governors Association. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

f. Organisational structure

The Trustees have overall responsibility for the management of the Trust and have appointed an Executive Principal who in turn oversees each of the individual academies. Each academy has a School Advisory Board that holds to account the Head teacher and Senior Leadership Team responsible for the daily operations of each academy.

g. Pay policy for key management personnel

The Trust reviews its pay policy for staff on an annual basis together with the policy relating to Performance Management.

Performance Management occurs annually with all recommendations for salary progression being presented with evidence and approved by the Personnel Committee.

Objectives and Activities

a. Objects and aims

The Trust's objects are specifically restricted to the following:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

b) to promote for the benefit of the inhabitants of Cambridge and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

b. Objectives, strategies and activities

The Multi Academy Trust is developing strong partnerships across the three academies and with other networks. Attainment and progress is high in each of the academies. Teaching and learning opportunities across the Trust have been frequent including, joint staff meetings, training sessions, interviewing, observations, lesson study, moderation, mentoring and coaching. The academies celebrate success together and have held science days, art and musical events for families and friends to come along and join in the fun. Systems and procedures for finance, personnel and premises are constantly being reviewed and upgraded.

The Trust will be opening a new school in September 2017.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trust works in partnership with its Senior Leadership Teams, school advisors, Trustees, local head teachers and colleagues to develop learning opportunities for the children in its care. A number of collaborative projects with other schools will enhance its learning and provision.

c. Main activities undertaken to further the charity's purposes for the public benefit

In exercising their powers and duties the Trust Directors have complied with their duty to have due regard to the public benefit guidance published by the Charity Commission.

Strategic report

Achievements and performance

a. Key financial performance indicators

Most of the Trust's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust has also been in receipt of devolved formula capital grants from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure of £4,501,690 (2016: £4,367,988) was less than recurrent grant funding from the ESFA and other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the pension fund) was £561,243 (2016: £247,365 - excess of expenditure over income).

At 31 August 2017 the net book value of fixed assets was £9,419,234 (2016: 9,569,567) and movements in tangible fixed assets are shown within notes 14 and 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies.

In accordance with FRS 102, the Trust received an actuarial assessment of pension scheme deficit. The deficit balance of £1,383,000 (2016: £2,000,000) is included within the balance sheet as at 31 August 2017. Supporting disclosures are in note 23.

b. Going concern

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

a. Reserves policy

The Trustees review the reserve levels of the Trust regularly. This review encompasses the nature of income and expenditure streams, the need to match income commitment and the nature of reserves.

Trustees determine what the level of uncommitted reserves should be. The aim is 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.

b. Material investments policy

During this year, the Trust has held all its funds in an interest bearing current account. The Trust does not hold any other investments.

c. Principal risks and uncertainties

The Trust has assessed the major risks to which it is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances, all of which are outlined on the risk register. The Trust/school advisors have implemented a number of systems to assess risks that the academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the statement on internal control.

The Trust board has considered and compiled an ongoing risk register. The Trust board considers the principal risks and uncertainties are regarding changes in funding levels. All academies aim to maximise the recruitment and retention of students and the Trust board seeks to ensure maximum funding is received.

d. Financial risk management objectives and policies

The Trust's main source of income is funding from the ESFA that is paid monthly to each academy throughout the year. Given this and the planned reserves at each academy, the Trust board do not consider they have a cash flow or liquidity risk.

Plans for future periods

a. Future developments

The Trust will explore and develop partnership models, including inviting good and outstanding schools to share in its family of schools, to work with the Trust to share best practice and increase the individual and collective school improvement capacity.

All three academies have been subject to increased roles and therefore building projects. HP has been expanded to two form entry. Works are due to start at HIJS in January 2018 for refurbishment and expansion to eventually become a three form entry primary school. Plans are in place for HIIS to become a two form entry primary school which will be located on a new site. (Currently Reception and Year 1 children are at HIIS site with Year 2 at the HIJS site where extra mobile classrooms have been provided).

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trust has been recommended to sponsor a Free School in Trumpington, Cambridgeshire. The school is due to open in September 2017.

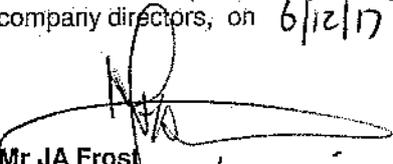
Due to the opening of the Free School in Trumpington, the Trust Articles of Association and Governance have been reviewed in March 2017.

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6/12/17 and signed on its behalf by:


Mr JA Frost
Chair of Trustees

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Principal, 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 Cambridge Primary Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr A D Batey	0	0
Mrs L C Birch, Executive Principal	8	8
Mr R S Plumbly, Vice Chair	8	8
Mr K J Reynolds	6	8
Mr J A Frost, Chair	7	8
Mrs K L Monk	7	8
Ms P R Todman	8	8
Mr M E Woods	6	8
Mr P D Larbey	8	8

The Finance and Premises Committee is a sub committee of the main board of Trustees. Its purpose is to review the financial performance of the academies.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L C Birch	5	5
Mr R S Plumbly	5	5
Mr K J Reynolds	4	5

The only key change in the composition of the board was the resignation of Mr A D Batey in September 2016.

The Trusts' work in the year included the preparation for the opening of Trumpington Park Primary School in September 2017. This will open with a two form reception class. There have been additional building works at Hatton Park Primary School which have successfully resulted in improved school facilities and the children returning from the temporary accommodation to the main school building. The Trusts' work in the year for finance included the preparation for the implementation in 2017/18 of new financial software, PS Financials, and the ongoing support of the finance team for this transition. Within premises there has been a review of SLAs to ensure best value across the trust.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

What is Best Value?

Trustees will apply the four principles of best value:

- Challenge: Why, how and by whom a service is provided
- Compare: Academy performance against available data
- Consult: With service users, the local community etc.
- Competition: Wherever practicable, to secure efficient and effective services

The Trustees' Approach

The Trustees and academy managers apply the principles of best value when making decisions about:

- Allocation of resources to best promote the aims and values of individual academies
- Targeting of resources to best improve standards and the quality of provision
- Use of resources to best support the various educational needs of all pupils

The Trustees and the academy managers:

- Make comparisons with other/similar academies using available data, e.g. RAISE online, quality of teaching and learning, levels of expenditure
- Challenge proposals, examining them for effectiveness, efficiency and cost
- Require suppliers to compete on grounds of cost and quality/suitability of services/products
- Consult individuals and organisations on quality/suitability of service provided to parents, pupils, and services received from providers

This will apply in particular to:

- Staffing: Trustees, school advisors and academy managers deploy staff to provide best value in terms quality of teaching, quality of learning, adult pupil ratio, and curriculum management with a clear focus on individual student achievement.
- Use of premises: Trustees, school advisors and academy managers consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources and opportunities to generate income from the premises assets.
- Use of resources: Trustees, school advisors and academy managers deploy equipment, materials and services to provide pupils and staff with resources which support high quality teaching and learning.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Use of resources: Trustees, school advisors and academy managers deploy equipment, materials and services to provide pupils and staff with resources which support high quality teaching and learning.
- Quality of teaching: Trustees, school advisors and academy managers review the quality of curriculum provision and quality of teaching, to provide parents and pupils with a curriculum which meets the requirements of the National Curriculum, National Literacy Strategy and National Numeracy Strategy, and the needs of the pupils and teaching which builds on previous learning and has raised expectations of children's achievement.
- Quality of learning: Trustees, school advisors and academy managers review the quality of pupil's learning by setting and tracking pupil achievement targets.
- Purchasing: Trustees, school advisors and academy managers have clear procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.
- Pupil's welfare: Trustees, school advisors and academy managers review the quality of the academy environment and the academy ethos, in order to provide a supportive environment conducive to learning and recreation.
- Health and safety: Trustees, school advisors and academy managers review the quality of the academy environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

These areas are monitored for best value by:

1. Departmental reviews by the Executive Principal and senior leadership team
2. Target setting meetings between Executive Principal, senior leadership team and head of departments
3. Annual performance management
4. Annual budget planning and monitoring
5. Feedback from internal auditor and audit reports
6. Analysis of individual academy pupil performance data
7. Benchmarking across the Trust and with comparable schools locally
8. Analysis of DfE pupil performance data
9. Key issues for action identified by OFSTED
10. Trust committee meetings
11. Trustee annual staff salary review

The Trust has engaged with other educational providers over the last year to share delivery and good practice – these include Cambridge Meridian Academies Trust.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

As a multi academy Trust CPET provides the following shared services across the Trust:

- ICT
- Finance
- Premises
- Audit
- Educational support services

Review and Control

Management accounts are produced on a monthly basis and the introduction of PSF will further develop the provision of timely, accurate and strategic reports as the trust continues to grow.

The Trust has a risk register which is reviewed at trust level meetings to ensure there is a clear focus on the most relevant and appropriate strategic financial risks.

The Trust has an internal audit function which produces regular reports for the Finance and Premises Committee and this is supported by the external auditor's work.

The main challenges for the coming year are managing the continued growth of the trust, to ensure pupil numbers are secured for future growth, effective management of the future reduction in growth funding received, manage the transition of PSF and the changes this will effect on the finance teams across the trust, ensuring all pupils achieve, continued standardisation of systems and procedures across the trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cambridge Primary Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee 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.

In particular the checks carried out in the current period included:

- Income from trading activities
- Payroll
- Procurement
- Month end procedures

The internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work and, if relevant, described what remedial actions should be taken to rectify the issues.

The internal auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work and, if relevant, described what remedial actions should be taken to rectify the issues.

Review of Effectiveness

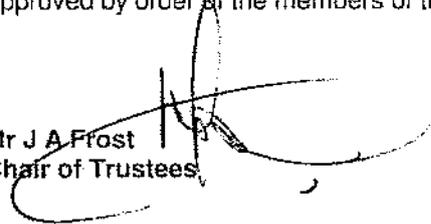
As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the internal audit function;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 trustees on 6 December 2017 and signed on their behalf, by:

Mr J A Frost
Chair of Trustees



Mrs L C Birch
Accounting Officer



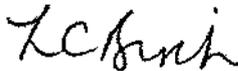
CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mrs LC Birch
Accounting Officer

Date: 6 December 2017

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

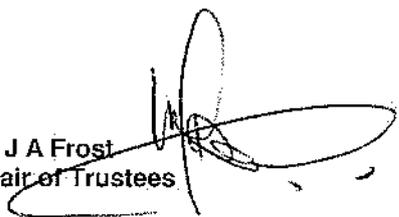
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of trustees on 6/12/17 and signed on its behalf by:

Mr J A Frost
Chair of Trustees



CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST**

Opinion

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

This report is made solely to the trustees 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 trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CAMBRIDGE PRIMARY EDUCATION TRUST**

Responsibilities of trustees

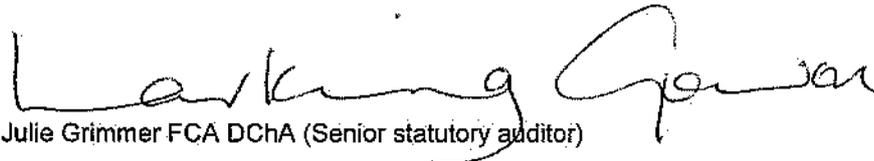
As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal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

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

Auditor's responsibilities for the audit of the financial statements

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

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



Julie Grimmer FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street

Norwich
NR3 1RB

Date:

15 December 2017

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO CAMBRIDGE
PRIMARY EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cambridge Primary Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Cambridge Primary Education Trust's accounting officer and the reporting auditors

The Accounting Officer is responsible, under the requirements of Cambridge Primary Education Trust's funding agreement with the Secretary of State for Education dated 1 December 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO CAMBRIDGE
PRIMARY EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

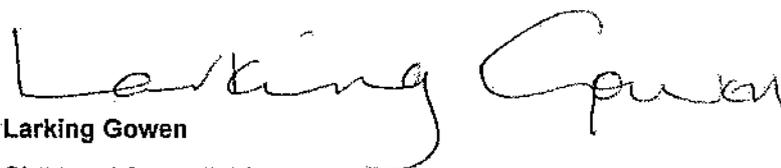
Approach (continued)

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2016 to 2017. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the trustees.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the trust's process for checking its financial systems, controls, transactions and risks.

Conclusion

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



Larking Gowen

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB

Date: 15 December 2017

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	33,748	-	21,799	55,547	57,304
Charitable activities:	3					
Teaching school/Council representative		-	468,647	-	468,647	287,844
Trust educational activities		73,027	4,067,893	-	4,140,920	3,918,480
Other trading activities	4	35,170	-	-	35,170	23,439
Other income	5	49,059	-	-	49,059	57,671
Total income		191,004	4,536,540	21,799	4,749,343	4,344,738
Expenditure on:						
Charitable activities:						
Teaching school/Council representative		-	263,096	-	263,096	261,818
Trust educational operations		48,594	4,019,592	170,408	4,238,594	4,106,170
Total expenditure	6	48,594	4,282,688	170,408	4,501,690	4,367,988
Net income / (expenditure) before transfers		142,410	253,852	(148,609)	247,653	(23,250)
Transfers between Funds	19	-	(5,019)	5,019	-	-
Net income / (expenditure) before other recognised gains and losses		142,410	248,833	(143,590)	247,653	(23,250)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	787,000	-	787,000	(609,000)
Net movement in funds		142,410	1,035,833	(143,590)	1,034,653	(632,250)
Reconciliation of funds:						
Total funds brought forward		206,975	(1,617,340)	9,632,841	8,222,476	8,854,726
Total funds carried forward		349,385	(581,507)	9,489,251	9,257,129	8,222,476

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08304433

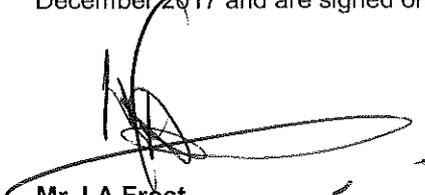
BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	14		20,075		-
Tangible assets	15		9,399,159		9,569,567
			<u>9,419,234</u>		<u>9,569,567</u>
Current assets					
Debtors	16	336,951		143,732	
Cash at bank and in hand		1,284,740		854,216	
		<u>1,621,691</u>		<u>997,948</u>	
Creditors: amounts falling due within one year	17	<u>(382,200)</u>		<u>(324,730)</u>	
Net current assets			<u>1,239,491</u>		<u>673,218</u>
Total assets less current liabilities			<u>10,658,725</u>		<u>10,242,785</u>
Creditors: amounts falling due after more than one year	18		<u>(18,596)</u>		<u>(20,309)</u>
Net assets excluding pension scheme liabilities			<u>10,640,129</u>		<u>10,222,476</u>
Defined benefit pension scheme liability	23		<u>(1,383,000)</u>		<u>(2,000,000)</u>
Net assets including pension scheme liabilities			<u>9,257,129</u>		<u>8,222,476</u>
Funds of the Trust					
Restricted income funds:					
Restricted income funds	19	801,493		382,660	
Restricted fixed asset funds	19	9,489,251		9,632,841	
Restricted income funds excluding pension liability		<u>10,290,744</u>		<u>10,015,501</u>	
Pension reserve		<u>(1,383,000)</u>		<u>(2,000,000)</u>	
Total restricted income funds			<u>8,907,744</u>		<u>8,015,501</u>
Unrestricted income funds	19		<u>349,385</u>		<u>206,975</u>
Total funds			<u>9,257,129</u>		<u>8,222,476</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 20 to 47 were approved by the trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:



Mr J A Frost
Chair of Trustees

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>430,513</u>	<u>152,835</u>
Cash flows from investing activities:			
Purchase of intangible fixed assets		(20,075)	-
Purchase of tangible fixed assets		-	(119,052)
Capital grants from DfE/ESFA		21,799	48,203
Net cash provided by/(used in) investing activities		<u>1,724</u>	<u>(70,849)</u>
Cash flows from financing activities:			
Repayments of borrowings		(1,713)	-
Net cash used in financing activities		<u>(1,713)</u>	<u>-</u>
Change in cash and cash equivalents in the year		430,524	81,986
Cash and cash equivalents brought forward		<u>854,216</u>	<u>772,230</u>
Cash and cash equivalents carried forward	22	<u><u>1,284,740</u></u>	<u><u>854,216</u></u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

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

1.3 Going concern

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.4 Income

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

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

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

Capital grants are recognised 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.

The value of donated services and gifts in kind provided to the trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's accounting policies.

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.5 Expenditure

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

Charitable activities 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. Governance costs include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meeting and reimbursed expenses.

All expenditure is inclusive of irrecoverable VAT.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Computer Software - 33% straight line

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

Long-term leasehold property - 2% straight line (land element at straight line over 125 years)

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

1.8 Interest receivable

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

1.9 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.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy 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.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	33,748	-	-	33,748	9,101
Government grants	-	-	21,799	21,799	48,203
	<u>33,748</u>	<u>-</u>	<u>21,799</u>	<u>55,547</u>	<u>57,304</u>
<i>Total 2016</i>	<u>9,101</u>	<u>-</u>	<u>48,203</u>	<u>57,304</u>	

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. Funding for Trust's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	3,362,015	3,362,015	3,268,294
Other DfE/ESFA grants	-	244,490	244,490	269,261
Teaching School/Council representative	-	468,647	468,647	287,344
Start-up grants	-	96,318	96,318	-
	-	4,171,470	4,171,470	3,824,899
Other government grants				
SEN funding	-	142,040	142,040	84,684
Other local authority funding	-	150,955	150,955	98,875
	-	292,995	292,995	183,559
Other funding				
Other income from operations	-	72,075	72,075	87,860
Trip income	73,027	-	73,027	110,006
	73,027	72,075	145,102	197,866
	73,027	4,536,540	4,609,567	4,206,324
<i>Total 2016</i>	<i>110,006</i>	<i>4,096,318</i>	<i>4,206,324</i>	

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	35,170	-	35,170	23,439
<i>Total 2016</i>	<i>23,439</i>	<i>-</i>	<i>23,439</i>	

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. Other incoming resources

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Staff income	21,863	-	21,863	48,990
Sundry income	27,196	-	27,196	8,681
	<u>49,059</u>	<u>-</u>	<u>49,059</u>	<u>57,671</u>
<i>Total 2016</i>	<u>57,231</u>	<u>440</u>	<u>57,671</u>	

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	2,666,080	-	982,098	3,648,178	3,280,737
Support costs	430,675	203,033	219,804	853,512	1,087,251
	<u>3,096,755</u>	<u>203,033</u>	<u>1,201,902</u>	<u>4,501,690</u>	<u>4,367,988</u>
<i>Total 2016</i>	<u>2,998,931</u>	<u>365,511</u>	<u>1,003,546</u>	<u>4,367,988</u>	

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. Support costs

	Educational Operations	Total 2017	<i>Total 2016</i>
	£	£	£
Payroll and HR	16,302	16,302	10,080
Cleaning	49,430	49,430	50,796
Energy costs	35,474	35,474	38,867
Consumables	9,800	9,800	2,349
Maintenance of premises and equipment	32,625	32,625	86,535
Health and safety costs	9,568	9,568	9,898
Rent and rates	16,827	16,827	19,442
Printing, postage and stationery	23,911	23,911	23,739
Licences	31,180	31,180	8,682
Telephone	2,692	2,692	3,851
Catering	184,951	184,951	152,505
Insurance	36,357	36,357	49,826
Other support costs	83,312	83,312	106,863
Wages and salaries	150,675	150,675	353,947
Depreciation	170,408	170,408	169,871
	<u>853,512</u>	<u>853,512</u>	<u>1,087,251</u>
<i>At 31 August 2016</i>	<u>1,087,251</u>	<u>1,087,251</u>	

8. Net income/(expenditure)

This is stated after charging:

	2017	<i>2016</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	170,408	169,871
Operating lease rentals	<u>7,500</u>	<u>7,500</u>

9. Auditors' remuneration

	2017	<i>2016</i>
	£	£
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	6,000	5,300
Fees payable to the academy's auditor and its associates in respect of:		
Audit-related assurance services	<u>2,500</u>	<u>1,965</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,808,697	2,766,772
Operating costs of defined benefit pension schemes	280,000	201,000
	<u>3,088,697</u>	<u>2,967,772</u>
Supply teacher costs	8,058	31,159
	<u>3,096,755</u>	<u>2,998,931</u>

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

	2017 No.	2016 No.
Teachers	51	37
Administration & support	62	42
Management	4	6
	<u>117</u>	<u>85</u>

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

	2017 No.	2016 No.
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £318,553 (2016 - £321,209).

Wages and salaries cost above can be analysed further as follows:

	2017 £	2016 £
Wages and salaries	2,329,534	2,337,092
Social security costs	195,339	159,621
Pension costs	283,824	270,059
	<u>2,808,697</u>	<u>2,766,772</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. Trustees' remuneration and expenses

The Executive Principal received remuneration in respect of their role of Executive Principal and not in respect of their role of trustee. The value remuneration and other benefits was as follows:

		2017 £	2016 £
L Birch (Executive Principal)	Remuneration	90,000-95,000	<i>90,000-95,000</i>
	Pension contributions paid	15,000-20,000	<i>15,000-20,000</i>

During the year ended 31 August 2017, 1 trustee received £50 reimbursement of expenses (2016 - £nil).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,173 (2016 - £1,000).

13. Other finance income

	2017 £	2016 £
Interest income on pension scheme assets	24,000	<i>32,000</i>
Interest on pension scheme liabilities	(65,000)	<i>(81,000)</i>
	<u>(41,000)</u>	<i><u>(49,000)</u></i>

14. Intangible fixed assets

	Computer Software £
Cost	
At 1 September 2016	-
Additions	20,075
At 31 August 2017	<u>20,075</u>
Carrying amount	
At 31 August 2017	<u>20,075</u>
At 31 August 2016	<u>-</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. Tangible fixed assets

	Long-term leasehold property £
Cost	
At 1 September 2016 and 31 August 2017	10,187,218
Depreciation	
At 1 September 2016	617,651
Charge for the year	170,408
At 31 August 2017	788,059
Net book value	
At 31 August 2017	9,399,159
<i>At 31 August 2016</i>	9,569,567

16. Debtors

	2017 £	2016 £
Trade debtors	77,470	84,006
VAT recoverable	155,733	36,694
Prepayments and accrued income	103,748	23,032
	336,951	143,732

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	3,426	3,426
Trade creditors	49,947	22,259
Other taxation and social security	43,263	47,419
Other creditors	116,116	119,931
Accruals and deferred income	169,448	131,695
	382,200	324,730

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. Creditors: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	98,432	91,086
Resources deferred during the year	120,349	98,432
Amounts released from previous years	(98,432)	(91,086)
	<hr/>	<hr/>
Deferred income at 31 August 2017	120,349	98,432
	<hr/> <hr/>	<hr/> <hr/>

At the balance sheet dates the trust was holding funds received in advance in respect of Universal Infant Free School Meals, rates and teaching school income.

18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	18,596	20,309
	<hr/> <hr/>	<hr/> <hr/>

Other loans comprise two 0% interest salix loans. One was for a boiler replacement and the other for roof repairs. At 31 August 2017 the total outstanding was £22,022 (2016 - £23,735) of which £3,426 (2016 - £3,426) is included within creditors falling due within one year. One loan is repayable over 7 years and the other over 5 years.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	206,975	191,004	(48,594)	-	-	349,385
Restricted funds						
General Annual Grant (GAG)	-	3,362,015	(3,143,376)	(169,340)	-	49,299
Revenue Surplus on conversion	216,172	-	-	-	-	216,172
Development grants	-	96,318	(17,135)	(5,019)	-	74,164
Other restricted funds	105,390	609,560	(538,081)	18,340	-	195,209
Teaching school/Council representative	61,098	468,647	(263,096)	-	-	266,649
Pension reserve	(2,000,000)	-	(321,000)	151,000	787,000	(1,383,000)
	<u>(1,617,340)</u>	<u>4,536,540</u>	<u>(4,282,688)</u>	<u>(5,019)</u>	<u>787,000</u>	<u>(581,507)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	9,569,567	-	(170,408)	20,075	-	9,419,234
Other capital income	63,274	21,799	-	(15,056)	-	70,017
	<u>9,632,841</u>	<u>21,799</u>	<u>(170,408)</u>	<u>5,019</u>	<u>-</u>	<u>9,489,251</u>
Total restricted funds	<u>8,015,501</u>	<u>4,558,339</u>	<u>(4,453,096)</u>	<u>-</u>	<u>787,000</u>	<u>8,907,744</u>
Total of funds	<u><u>8,222,476</u></u>	<u><u>4,749,343</u></u>	<u><u>(4,501,690)</u></u>	<u><u>-</u></u>	<u><u>787,000</u></u>	<u><u>9,257,129</u></u>

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	91,026	200,657	(84,708)	-	-	206,975
	<u>91,026</u>	<u>200,657</u>	<u>(84,708)</u>	<u>-</u>	<u>-</u>	<u>206,975</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	-	3,268,744	(3,125,744)	(143,000)	-	-
Revenue Surplus on conversion	216,172	-	-	-	-	216,172
Other restricted funds	-	539,290	(433,900)	-	-	105,390
Teaching school/Council representative	35,072	287,844	(261,818)	-	-	61,098
Pension reserve	(1,284,000)	-	(250,000)	143,000	(609,000)	(2,000,000)
	<u>(1,032,756)</u>	<u>4,095,878</u>	<u>(4,071,462)</u>	<u>-</u>	<u>(609,000)</u>	<u>(1,617,340)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds	9,620,386	-	(169,871)	119,052	-	9,569,567
Other capital income	176,070	48,203	(41,947)	(119,052)	-	63,274
	<u>9,796,456</u>	<u>48,203</u>	<u>(211,818)</u>	<u>-</u>	<u>-</u>	<u>9,632,841</u>
Total restricted funds	<u>8,763,700</u>	<u>4,144,081</u>	<u>(4,283,280)</u>	<u>-</u>	<u>(609,000)</u>	<u>8,015,501</u>
Total of funds	<u>8,854,726</u>	<u>4,344,738</u>	<u>(4,367,988)</u>	<u>-</u>	<u>(609,000)</u>	<u>8,222,476</u>

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

The General Annual Grant (GAG), revenue surplus on conversion, start up grant and other restricted general funds are for the operational activities of the academies and teaching school.

The pension reserve fund represents the trust's defined benefit pension scheme liability.

The restricted fixed asset funds represent the fixed assets held by the trust and unspent capital funding received to carry out works of a capital nature.

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

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Hatton Park Primary School	160,235	82,921
Histon and Impington Infant School	148,976	94,343
Histon and Impington Junior School	500,629	351,273
Teaching School/Council representative	266,649	61,098
Cambridge Primary Education Trust/Trumpington	74,389	-
Total before fixed asset fund and pension reserve	1,150,878	589,635
Restricted fixed asset fund	9,489,251	9,632,841
Pension reserve	(1,383,000)	(2,000,000)
Total	9,257,129	8,222,476

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Hatton Park Primary School	608,976	24,221	33,200	333,235	999,632	935,278
Histon & Impington Infant School	887,783	26,625	18,732	344,137	1,277,277	1,298,898
Histon & Impington Junior School	1,112,857	27,575	44,732	869,209	2,054,373	1,963,941
	2,609,616	78,421	96,664	1,546,581	4,331,282	4,198,117

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	20,075	20,075
Tangible fixed assets	-	-	9,399,159	9,399,159
Current assets	728,159	801,493	92,039	1,621,691
Creditors due within one year	(378,774)	-	(3,426)	(382,200)
Creditors due in more than one year	-	-	(18,596)	(18,596)
Provisions for liabilities and charges	-	(1,383,000)	-	(1,383,000)
	<u>349,385</u>	<u>(581,507)</u>	<u>9,489,251</u>	<u>9,257,129</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	9,569,567	9,569,567
Current assets	528,279	382,660	87,009	997,948
Creditors due within one year	(321,304)	-	(3,426)	(324,730)
Creditors due in more than one year	-	-	(20,309)	(20,309)
Provisions for liabilities and charges	-	(2,000,000)	-	(2,000,000)
	<u>206,975</u>	<u>(1,617,340)</u>	<u>9,632,841</u>	<u>8,222,476</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	247,653	(23,250)
Adjustment for:		
Depreciation charges	170,408	169,871
Increase in debtors	(193,219)	(14,840)
Increase/(decrease) in creditors	57,470	(37,743)
Capital grants from DfE and other capital income	(21,799)	(48,203)
Defined benefit pension scheme cost less contributions payable	129,000	58,000
Defined benefit pension scheme finance cost	41,000	49,000
Net cash provided by operating activities	<u>430,513</u>	<u>152,835</u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. Analysis of cash and cash equivalents

	2017	<i>2016</i>
	£	£
Cash in hand	1,284,740	<i>854,216</i>
Total	1,284,740	<i>854,216</i>

23. Pension commitments

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

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

Contributions amounting to £48,879 were payable to the schemes at 31 August 2017 (*2016 - 51,212*) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Pension commitments (continued)

Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data..

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Pension commitments (continued)

The employer's pension costs paid to TPS in the period amounted to £284,000 (2016 - £270,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £188,000 (2016 - £178,000), of which employer's contributions totalled £151,000 (2016 - £143,000) and employees' contributions totalled £37,000 (2016 - £35,000). The agreed contribution rates for future years are 16.4% for employers and tiered% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.4	22.5
Females	24.4	24.5
Retiring in 20 years		
Males	24.0	24.4
Females	26.3	26.9

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	62,000	73,000
Discount rate -0.1%	(62,000)	(73,000)
Mortality assumption + 1 year increase	112,000	93,000
Mortality assumption - 1 year decrease	(112,000)	(93,000)
CPI rate +0.1%	51,000	46,000
CPI rate -0.1%	(51,000)	(46,000)

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,100,000	836,000
Corporate bonds	186,000	167,000
Property	100,000	78,000
Cash and other liquid assets	43,000	33,000
	<u>1,429,000</u>	<u>1,114,000</u>
Total market value of assets	<u><u>1,429,000</u></u>	<u><u>1,114,000</u></u>

The actual return on scheme assets was £130,000 (2016 - £169,000).

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

	2017 £	2016 £
Current service cost	(280,000)	(201,000)
Interest income	24,000	32,000
Interest cost	(65,000)	(81,000)
	<u>(321,000)</u>	<u>(250,000)</u>
Total	<u><u>(321,000)</u></u>	<u><u>(250,000)</u></u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,114,000	2,067,000
Current service cost	280,000	201,000
Interest cost	65,000	81,000
Employee contributions	37,000	35,000
Actuarial (gains)/losses	(650,000)	746,000
Benefits paid	(34,000)	(16,000)
	<u>2,812,000</u>	<u>3,114,000</u>
Closing defined benefit obligation	<u><u>2,812,000</u></u>	<u><u>3,114,000</u></u>

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,114,000	783,000
Interest income	24,000	32,000
Actuarial losses	137,000	137,000
Employer contributions	151,000	143,000
Employee contributions	37,000	35,000
Benefits paid	(34,000)	(16,000)
	<u>1,429,000</u>	<u>1,114,000</u>
Closing fair value of scheme assets	<u>1,429,000</u>	<u>1,114,000</u>

24. Operating lease commitments

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	1,875	7,500
Between 1 and 5 years	-	1,875
	<u>1,875</u>	<u>9,375</u>
Total	<u>1,875</u>	<u>9,375</u>

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.

CAMBRIDGE PRIMARY EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

26. Related party transactions

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

Cambridge Meridian Academies Trust (CMAT) is related to the Trust because it has the right under the trust's articles of association to appoint a trustee of the Trust. During the period CMAT provided accounting and ICT support to the Trust. The charge for the period was £38,772 (2016 - £50,649). Sales to CMAT from the Trust were £Nil (2016 - £525).