

Registration number: 09795288

The Cherry Tree Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

Hallidays
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

The Cherry Tree Trust

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The Cherry Tree Trust

Reference and Administrative Details

Members	M Johnson L Culf A Jordan (resigned 22 December 2016) P Moore
Trustees (Directors)	B Dawson D Lampard M Peak S Rudd (Accounting officer) D Thomas A Wild
Senior Management Team	S Tait, Assistant Headteacher F Kordemir, Head of EYFS/KS1 (resigned 31 August 2017) R Perry, Head of KS2 S Rudd, Executive Headteacher S Saunders, Assistant Headteacher J Hargreaves, Assistant Headteacher E Bolton, Assistant Headteacher D Harris, Business Manager
Company Name	The Cherry Tree Trust
Principal and Registered Office	Newall Green Primary School Firbank Road Newall Green, Wythenshawe Manchester M23 2YH
Company Registration Number	09795288
Auditors	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD
Bankers	Lloyds bank 52-56 Market St Manchester M1 1PW

The Cherry Tree Trust

Reference and Administrative Details (continued)

Solicitors

Browne Jacobson
5th Floor, Tower 12
18-22 Bridge Street
Spinning Fields
Manchester
M3 3BZ

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 1 primary school in Wythenshawe called Newall Green Primary School. The school's pupil capacity of 765 and had a roll of 713 in the school census on 6th October 2016.

The trust was called BRITE Trust until its name changed to The Cherry Tree Trust on 15th March 2017.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Cherry Tree Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Cherry Tree Trust. The company registration number is: 09795288

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1 and 2.

Members' liability

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

Trustees' indemnities

Under the Companies Act 2006 s236 the directors confirm there are no third party indemnity provisions in operation.

Principle activities

- The Trust will establish schools that become the heart of the community. Developing pupils by embracing the whole family and supporting parents to support their child on their educational journey.
- The admissions policy and arrangements for the school within the trust will be in accordance with the admissions law, and the DfE code of practice as they apply to maintained schools.
- There is no charge in respect to admission to the school and the school will only charge pupil where the law allows maintained schools to charge.

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Method of recruitment and appointment or election of Trustees

The trustees are directors of the charitable company for the purpose of the Companies Act 2016 and trustees for the purposes of charity legislation.

Trustees serve in office for a period 4 years

1x CEO – serving Head Teacher

5 x Executive directors appointed by the Cherry Tree Trust Members

Local Governing Body which has a constitution of:

1 x Community Governor

6 x Appointed Governor

2 x Staff Governor

2 x Parent Governor

Strict regulations are followed for the recruiting of new trustees to the Cherry Tree Trust Board or Governors to the LGB.

- Education Act 2012
- School Standards and Framework Act 1998
- Criminal Justice and Court Services Act 2000
- School Governance Regulations 2007
- Circular 7/87 Annex 9 Conduct of Trustee Elections
- Governing Body Constitutional Regulations 2012

During the period under review the Board of Trustees met 4 times

The LGB met 4 times

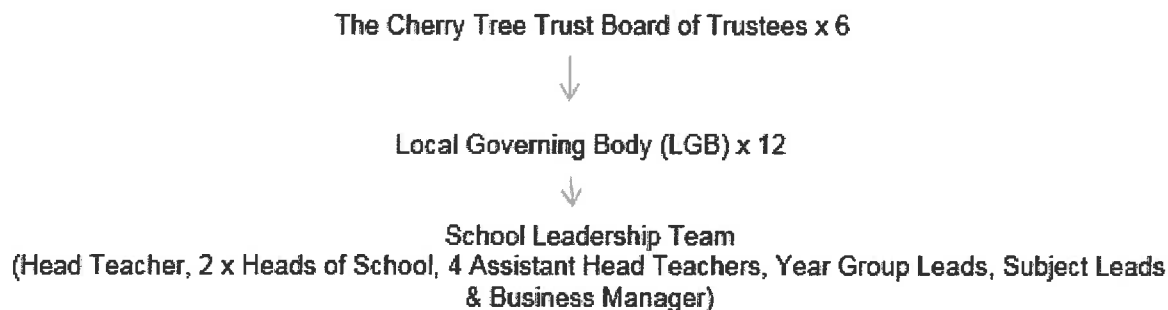
The Finance and Pay Committee met 3 times

Policies and procedures adopted for the induction and training of Trustees

Training and induction is provided for all new Trustees and Governors. This is set out in the Trustees & Governors handbook. Where gaps in skill sets occur training from One Education to cover Legislation, Policy, Legal & Financial matters are purchased. Annual training on Child Protection is undertaken by the Trustees & Governors.

All Trustees and Governors declare annually any Pecuniary Interests and at any meetings if any matters arise in which they have any pecuniary interest.

Organisational Structure



The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration for the academy's key personnel is made in line with the teachers' pay terms and conditions. The head teacher's salary is graded on the size of the school as set out in the DfE guidance. This is reviewed within the Performance management process overseen by an external body (Quality Assurance Officer to school undertakes this role.)

Pay scales are set for each member of the senior Leadership Team (SLT) and movement from one point to the next is dependent upon the completion of the targets set as part of the performance management review. The review of the Heads of school takes place with 2 Cherry Tree Trust trustees as does the Head Teacher's. SLT members are reviewed by the Head teacher & Heads of school then recommendations are made to the Local Governing Body as part of the performance management Process.

Related Parties and other Connected Charities and Organisations

Transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted in accordance with the Academy financial regulations and procurement procedures.

Objectives and activities

Objects and aims

The principle activity of the Cherry Tree Trust is the operation of Newall Green Primary School to provide education to the pupils aged 2-11 and to expand the number of schools within the trust.

Each year the Trust outlines its objectives for the year in line with the Vision and the Mission

Our Vision -The vision of the Cherry Tree Trust is to embrace a community of outstanding schools working collaboratively, drawing upon the strengths of each school to reach the best outcomes for children and families. A partnership of shared responsibility embedded in mutual support. We will ensure that each child is supported and nurtured so they can achieve personal success.

Our Mission -We will ensure our schools provide a balanced, innovative school curriculum that will meet the academic, cultural and pastoral needs of individuals from the diverse backgrounds of our community to prepare our pupils to grow and contribute to a changing world.

In order to achieve these goals the Cherry Tree Trust recognises that Newall Green Primary School is a community which includes pupils, teaching staff, non-teaching staff, parents, Governors and Trustees. They work with the school to uphold the Mission statement:

'At Newall Green Primary School we want every child and family to work in a supportive, inclusive school so that they make outstanding progress from their individual starting point. Each child will develop their core skills through a curriculum which promotes Social, Moral, Spiritual and Cultural development using 'Peace Mala' and 'PATHs.' This will be embedded in a curriculum that holds outdoor learning central to its focus.'

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Public benefit

Newall Green Primary School has a key role in the community educating the children, employing local people, supporting families with Parent Support Officer and having links with the wider community. We support the local church, host the Toy library, run adult education courses and link with lead professionals such as Speech & Language service so they are able to provide local services for the community.

We provide opportunities for work experience for the students from Manchester College, Newall Green High School and Manchester Metropolitan University.

We use local tradesmen where possible in line with our best value policy.

Equal Opportunity Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the work place. The Cherry Tree Trust aims to establish equal opportunity in all areas of activity including creating a working environment in which the contribution and needs of all people are fully valued. Equal opportunities apply to all persons connected with the trust regardless of gender, race, religion or disability.

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

This was the second period that the academy was in operation. The former school had a year on year improving trend in the progress that the children make within the school. This was reflected in the performance of the academy's first period.

The schools last Ofsted was May 2012 and the judgement was 'Good.'

		Summer 2017
Reception	Reading	75%
	Writing	74%
	Maths	76%
	GLD	71%
Year 2	Reading	72%
	Writing	67%
	Maths	78%
	RWM	55%
Year 6	Reading	84%
	Writing	77%
	Maths	79%
	RWM	74%
	GPS	80%

Key non-financial performance indicators

The absence for the academic year was 5.12% which was an improvement on the year before. During this academic year 1 permanent exclusion was made.

The Trust monitors the School Development Plan to ensure that the areas identified by Ofsted and also through rigorous Self Evaluation are developed to ensure improving opportunities for all pupils.

The key areas are attainment in Reading identified through Self – Evaluation, attainment in Writing & the attainment of the 'more able' children's progress identified in the last Ofsted report. We continue to build on the success that the SEN & disadvantaged children make in their progress from their low starting points.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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 Statement of Accounting Policies.

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial review

The majority of the trust and academy income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also received grants from the EFA and other organisations. 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 restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2017, total expenditure of £3,758,488 was incurred (which excludes depreciation of £120,081 and FRS 102 service costs of £176,000). Recurrent grant income from the EFA, together with other incoming resources totalled £3,737,349. Total funds carried forward amount to £320,340. This is in line with the trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

Unrestricted income in the period ended 31 August 2017 amounted to £56,220. There was no unrestricted expenditure in the period.

At 31 August 2017 the net book value of fixed assets amounted to £3,469,552 and movements in fixed assets are shown in note 11 of the financial statements. The cost of fixed asset additions in the period ended 31 August 2017 amounted to £21,267.

Reserves policy

The trustees (Finance Committee) review the reserve funding level of the Academy annually when setting the annual budget. The level is set taking into account income & expenditure and the need to cover any unforeseen circumstances that may occur. This level has been set at £100,000 and will be assessed each Autumn term of the Academy. The amount is kept secure for a time when it is needed to self-finance a scheme or major capital projects.

The trust's current level of free reserves (total reserves less the amounts held in fixed asset reserve and restricted pension fund reserve) is £320,340.

In addition, the net liability due to the trust's participation in the Local Government Pension scheme (Greater Manchester Pension Fund – GMPF) amounts to £1,112,000. It should be noted, however, that an immediate liability for this amount is not crystallised at the financial period end. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013. This guarantee provides comfort to the trustees in the unlikely event of an academy closure.

Investment policy

Where the academy has surplus cash reserves, these are reviewed and placed on deposit. The academy does not invest in the capital markets.

The Cherry Tree Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Principal risks and uncertainties

The trustees have assessed the major risks to the Cherry Tree Trust as part of the Cherry Tree Trust risk assessment. In particular those relating to the specific teaching, child protection, provision of facilities and the operational area of the Trust and its finances.

The Cherry Tree Trust has implemented a number of systems to diminish the risks that the Trust faces. Operational procedures are in place to ensure staff are appropriately vetted as part of the recruitment programme. Staff are trained in Child protection and Health & safety so that the establishment is a safe place in which children can learn and flourish.

Systems are in place should the establishment suffer damage of either reputation or damage to the building. Loss of data or key personnel is also planned for.

Attainment which may affect the communities perception of the school is also planned for using the school development plan. The school reports regularly to the Cherry Tree Trust trustees the Key Performance Indicators so that progress to target can be established and strategic plan amended where appropriate.

Finances are closely monitored so that funding cuts etc are planned for. The appropriate insurances are held so that the risk of financial loss is minimised.

ICT policies & secure systems are in place so that data is confidential, children can use the ICT equipment and internet safely and information is backed up to prevent loss.

Robust internal checking procedures ensure that there is a defined division of duties to prevent fraud.

Plans for future periods

The main emphasis over the forthcoming year will remain as being the teaching and learning of pupils with the Cherry Tree Trust striving to improve the outcomes for those pupils within the trust.

To do this effectively:

New windows are needed

The Cherry Tree Trust


Trustees' Report for the Year Ended 31 August 2017 (continued)

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 11 December 2017 and signed on its behalf by:


.....
A Wild
Trustee

The Cherry Tree Trust

Governance Statement

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Head, 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 The Cherry Tree Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 10 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee / Governor	Meetings attended	Out of a possible
S Rudd (Accounting officer)	10	10
A Wild	10	10
B Dawson	2	3
D Lampard	6	10
M Peak	9	10
D Thomas	8	10

Review of value for money

As accounting officer the Executive Head has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Maintaining the upkeep of the building, decorating classrooms, replacing internal doors, improving security around the site.
- Providing all teachers with new laptops for use both in school and at home. Three quotes were obtained by One Education in line with our procurement policy and best value was assured.

The Cherry Tree Trust

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Cherry Tree Trust for the period from 1st September 2016 to 31st 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period from 1st 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.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

To appoint Mr Gary Sugden from Manchester City Council as our internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of internal checks on the academy trust's areas of risk identified in the risk register. After the audit has taken place the internal auditor submits a report to the audit committee of the Cherry Tree Trust. Any actions are discussed and timescales agreed to address the actions raised.

Gary Sugden from MCC Internal Audit carried out the review of performance management.

There were no material control or other issues reported by the internal auditor to date.

The Cherry Tree Trust

Governance Statement (continued)

Review of effectiveness

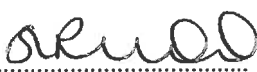
As Accounting Officer, the Executive Head has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the internal auditor and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 11 December 2017 and signed on its behalf by:


.....
A Wild
Trustee


.....
S Rudd
Accounting officer

The Cherry Tree Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Cherry Tree Trust I have considered my responsibility to notify the Academy Trust Governing Body 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 Governing Body 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 Governing Body and ESFA.



S Rudd
Accounting Officer

11 December 2017

The Cherry Tree Trust

Statement of Trustees' Responsibilities

The Trustees (who act as the governors of The Cherry Tree Trust Academy 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 published 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the 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 on 11 December 2017 and signed on its behalf by:


.....
A Wild
Trustee

The Cherry Tree Trust

Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust

Opinion

We have audited the financial statements of The Cherry Tree Trust (the 'Academy') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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'.

This report is made solely to the Academy's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's 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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

The Cherry Tree Trust

Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust (continued)

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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 15], the Trustees 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 Academy 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

The Cherry Tree Trust

Independent Auditor's Report on the Financial Statements to the Members of The Cherry Tree Trust (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Anna Bennett (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 11/12/17

The Cherry Tree Trust

Independent Reporting Accountant's Report on Regularity to The Cherry Tree Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 February 2016 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 The Cherry Tree Trust during the period 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 The Cherry Tree Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Cherry Tree 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 The Cherry Tree Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 27 October 2015 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 from 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the Academy Trust's framework of authorities. As identified by review of minutes, management accounts, discussion with Accounting Officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the Academy Trust are within the Academy Trust's framework of authorities.
- We have considered the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the Academy Trust and extended the procedures required for the financial statements to include regularity.

The Cherry Tree Trust

Independent Reporting Accountant's Report on Regularity to The Cherry Tree Trust and the Education and Skills Funding Agency (continued)

- We have assessed and tested a sample of specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the Academy Trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the Academy Trust's delegated authorities and that the internal delegations have been approved by the MAT Board and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the MAT Board and the Accounting Officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the Academy Trust's charitable objects.

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 from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 11/12/17

The Cherry Tree Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	1,706	470	-	11,431	13,607
Transfer from local authority on conversion		1,763	-	-	-	1,763
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	3,680,659	-	-	3,680,659
Other trading activities	4	54,257	-	-	-	54,257
Investments	5	257	-	-	-	257
Total		57,983	3,681,129	-	11,431	3,750,543
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	3,758,488	176,000	120,081	4,054,569
Net income/(expenditure)		57,983	(77,359)	(176,000)	(108,650)	(304,026)
Transfers between funds		-	(9,836)	-	9,836	-
Other recognised gains and losses						
Actuarial gains (loss) on defined benefit pension schemes	21	-	-	529,000	-	529,000
Net movement in funds/(deficit)		57,983	(87,195)	353,000	(98,814)	224,974
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2016		178,468	171,084	(1,465,000)	3,568,366	2,452,918
Total funds/(deficit) carried forward at 31 August 2017		236,451	83,889	(1,112,000)	3,469,552	2,677,892

The Cherry Tree Trust

Statement of Financial Activities for the Period from 25 September 2015 to 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	10 Months Total 2016 £
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	245	-	-	11,376	11,621
Transfer from local authority on conversion		136,247	-	(876,000)	3,630,500	2,890,747
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	3,018,720	-	-	3,018,720
Other trading activities	4	41,724	-	-	-	41,724
Investments	5	252	-	-	-	252
Total		178,468	3,018,720	(876,000)	3,641,876	5,963,064
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	2,825,105	87,000	96,041	3,008,146
Net income/(expenditure)		178,468	193,615	(963,000)	3,545,835	2,954,918
Transfers between funds		-	(22,531)	-	22,531	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	21	-	-	(502,000)	-	(502,000)
Net movement in funds/(deficit)		178,468	171,084	(1,465,000)	3,568,366	2,452,918
Reconciliation of funds						
Total funds/(deficit) carried forward at 31 August 2016		178,468	171,084	(1,465,000)	3,568,366	2,452,918

The Cherry Tree Trust
(Registration number: 09795288)
Balance Sheet as at 31 August 2017

	Note	31 August 2017 £	31 August 2016 £
Fixed assets			
Tangible assets	11	3,469,552	3,568,366
Current assets			
Debtors	12	138,272	182,258
Cash at bank and in hand		<u>228,305</u>	<u>291,523</u>
		366,577	473,781
Creditors: Amounts falling due within one year	13	<u>(46,237)</u>	<u>(124,229)</u>
Net current assets		<u>320,340</u>	<u>349,552</u>
Total assets less current liabilities		<u>3,789,892</u>	<u>3,917,918</u>
Net assets excluding pension liability		3,789,892	3,917,918
Pension scheme liability	21	<u>(1,112,000)</u>	<u>(1,465,000)</u>
Net assets including pension liability		<u>2,677,892</u>	<u>2,452,918</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	14	83,889	171,084
Restricted fixed asset fund	14	3,469,552	3,568,366
Restricted pension fund	14	<u>(1,112,000)</u>	<u>(1,465,000)</u>
		2,441,441	2,274,450
Unrestricted funds			
Unrestricted general fund	14	<u>236,451</u>	<u>178,468</u>
Total funds		<u>2,677,892</u>	<u>2,452,918</u>

The financial statements on pages 21 to 42 were approved by the Trustees, and authorised for issue on 11 December 2017 and signed on their behalf by:



 A Wild
 Trustee

The Cherry Tree Trust

Statement of Cash Flows for the Year Ended 31 August 2017

	Note	31 August 2017 £	31 August 2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(53,639)	120,292
Cash transferred on conversion to an academy trust		-	111,510
Cash flows from investing activities	18	<u>(9,579)</u>	<u>59,721</u>
Change in cash and cash equivalents in the year		(63,218)	291,523
Cash and cash equivalents at 1 September		<u>291,523</u>	<u>-</u>
Cash and cash equivalents at 31 August	19	<u><u>228,305</u></u>	<u><u>291,523</u></u>

The Cherry Tree Trust

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

1 Accounting policies

Statement of 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.

Basis of preparation

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.

The Cherry Tree Trust meets the definition of a public benefit entity under FRS 102.

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 company 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.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. 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 each asset over its expected useful lives, per the table below.

Asset class	Depreciation method and rate
Leasehold land	0.80% straight line
Leasehold buildings	2% straight line
Furniture, fittings and equipment	20% reducing balance
Computer hardware	33.33% straight line
Plant & Machinery	20% reducing balance
Motor Vehicles	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement 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 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Pension benefits

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

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

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Fund accounting

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

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

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

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2017 £	10 Months Total 31 August 2016 £
Educational trips and visits	-	470	-	470	-
Capital grants	-	-	11,431	11,431	11,376
Other donations	1,706	-	-	1,706	245
	<u>1,706</u>	<u>470</u>	<u>11,431</u>	<u>13,607</u>	<u>11,621</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2017 £	10 Months Total 31 August 2016 £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	2,697,871	2,697,871	2,152,236
Start Up Grants	-	-	25,000
Other DfE/ESFA grants	<u>575,073</u>	<u>575,073</u>	<u>484,057</u>
	3,272,944	3,272,944	2,661,293
Other government grants			
Local authority grants	<u>407,715</u>	<u>407,715</u>	<u>357,427</u>
Total grants	<u><u>3,680,659</u></u>	<u><u>3,680,659</u></u>	<u><u>3,018,720</u></u>

4 Other trading activities

	Unrestricted funds £	Total 2017 £	10 Months Total 31 August 2016 £
Catering income	-	-	143
School shop sales	28	28	-
Other sales	<u>54,229</u>	<u>54,229</u>	<u>41,581</u>
	<u><u>54,257</u></u>	<u><u>54,257</u></u>	<u><u>41,724</u></u>

5 Investment income

	Unrestricted funds £	Total 2017 £	10 Months Total 31 August 2016 £
Short term deposits	<u>257</u>	<u>257</u>	<u>252</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure

	Non Pay Expenditure			Total 2017 £	10 Months Total 31 August 2016 £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	2,564,009	104,764	216,056	2,884,829	2,255,597
Allocated support costs	<u>520,882</u>	<u>264,715</u>	<u>384,143</u>	<u>1,169,740</u>	<u>752,549</u>
	<u>3,084,891</u>	<u>369,479</u>	<u>600,199</u>	<u>4,054,569</u>	<u>3,008,146</u>
Net income/(expenditure) for the year includes:				31 August 2017 £	31 August 2016 £
Operating leases - other leases				43,535	9,493
Fees payable to auditor - audit - other audit services				6,750	6,750
Depreciation				<u>3,825</u>	<u>4,575</u>
				<u>120,081</u>	<u>111,041</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Charitable activities

	Total 2017 £	10 Months Total 31 August 2016 £
Direct costs - educational operations	2,884,829	2,255,597
Support costs - educational operations	1,169,740	752,549
	4,054,569	3,008,146
	Educational operations £	Total 2017 £
		Total 31 August 2016 £
Analysis of support costs		
Support staff costs	520,882	291,133
Depreciation	15,317	10,565
Technology costs	1,607	16,901
Premises costs	249,398	177,593
Other support costs	371,961	231,577
Governance costs	10,575	24,780
Total support costs	1,169,740	752,549

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff

Staff costs

	2017	10 Months 31 August 2016
	£	£
Staff costs during the year were:		
Wages and salaries	2,285,826	1,771,144
Social security costs	191,241	131,258
Pension costs	488,603	322,984
	2,965,670	2,225,386
Supply teacher costs	119,221	100,085
	3,084,891	2,325,471

Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year was as follows:

	31 August 2017	31 August 2016
	No	No
Charitable Activities		
Teachers	32	32
Administration and support	78	82
Management	7	7
	117	121

Higher paid staff

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

	31 August 2017	31 August 2016
	No	No
£60,001 - £70,000	-	1
£80,001 - £90,000	1	-
	1	-

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £441,740 (2016-(10 months): £366,209).

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Related party transactions - trustees' remuneration and expenses

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

The value of trustees' remuneration and other benefits was as follows:

S Rudd (Accounting officer) (Headteacher):

Remuneration: £80,000 - £85,000 (2016 - £65,000 - £70,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

Other related party transactions involving the trustees are set out in note 22.

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2017 was included in the total insurance cost.

11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer hardware £	Total £
Cost				
At 1 September 2016	3,425,000	176,407	63,000	3,664,407
Additions	-	21,267	-	21,267
At 31 August 2017	3,425,000	197,674	63,000	3,685,674
Depreciation				
At 1 September 2016	53,753	24,788	17,500	96,041
Charge for the year	64,504	34,577	21,000	120,081
At 31 August 2017	118,257	59,365	38,500	216,122
Net book value				
At 31 August 2017	3,306,743	138,309	24,500	3,469,552
At 31 August 2016	3,371,247	151,619	45,500	3,568,366

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

12 Debtors

	31 August 2017	31 August 2016
	£	£
VAT recoverable	26,760	61,206
Other debtors	-	1,666
Prepayments	17,303	30,222
Accrued grant and other income	94,209	89,164
	138,272	182,258

13 Creditors: amounts falling due within one year

	31 August 2017	31 August 2016
	£	£
Trade creditors	-	74,192
Other creditors	-	2,500
Accruals	19,937	28,673
Deferred income	26,300	18,864
	46,237	124,229
		31 August 2017
		£

Deferred income

Deferred income at 1 September 2016	18,864
Resources deferred in the period	26,300
Amounts released from previous periods	(18,864)
Deferred income at 31 August 2017	26,300

At the balance sheet date the academy trust was holding funds received in advance for UIFSM in respect of the academic year 2017/18.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	171,084	2,697,871	(2,775,230)	(9,836)	83,889
Other DfE/ESFA grants	-	575,073	(575,073)	-	-
Other restricted income	-	408,185	(408,185)	-	-
	<u>171,084</u>	<u>3,681,129</u>	<u>(3,758,488)</u>	<u>(9,836)</u>	<u>83,889</u>
Restricted fixed asset funds					
Fixed assets transferred upon conversion	3,535,497	-	(108,894)	-	3,426,603
DfE/ESFA capital grants	10,999	11,431	(4,635)	-	17,795
Capital expenditure from GAG	21,870	-	(6,552)	9,836	25,154
	<u>3,568,366</u>	<u>11,431</u>	<u>(120,081)</u>	<u>9,836</u>	<u>3,469,552</u>
Restricted pension funds					
Pension reserve	(1,465,000)	-	(176,000)	529,000	(1,112,000)
Total restricted funds	2,274,450	3,692,560	(4,054,569)	529,000	2,441,441
Unrestricted funds					
Unrestricted general funds	178,468	57,983	-	-	236,451
Total funds	<u>2,452,918</u>	<u>3,750,543</u>	<u>(4,054,569)</u>	<u>529,000</u>	<u>2,677,892</u>

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the Academy.

Restricted fixed asset funds are those funds relating to the long term assets of the Academy used in delivering the objects of the Academy.

Unrestricted funds are funds which the Governors may use in the pursuance of the Academy's objectives and are expendable at the discretion of the Governors.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Analysis of net assets between funds

Fund balances at 31 August 2017 represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	3,469,552	3,469,552
Current assets	236,451	130,126	-	366,577
Current liabilities	-	(46,237)	-	(46,237)
Pension scheme liability	-	(1,112,000)	-	(1,112,000)
Total net assets	236,451	(1,028,111)	3,469,552	2,677,892

16 Commitments under operating leases

Operating leases

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

	31 August 2017 £	31 August 2016 £
Amounts due within one year	23,976	38,151
Amounts due between one and five years	41,408	34,766
	65,384	72,917

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	31 August 2017	31 August 2016
	£	£
Net (expenditure)/income	(304,026)	2,954,918
Depreciation	120,081	96,041
Capital grants from DfE and other capital income	(11,431)	(11,376)
Interest receivable	(257)	(252)
Defined benefit pension scheme service cost	146,000	58,000
Defined benefit pension scheme finance cost	30,000	29,000
Decrease/(increase) in debtors	43,986	(182,258)
(Decrease)/increase in creditors	(77,992)	124,229
Cash transferred on conversion to an academy trust	-	(111,510)
Assets inherited on conversion to an academy trust	-	(3,712,500)
Pension deficit inherited on conversion to an academy trust	-	876,000
	<u>(53,639)</u>	<u>120,292</u>
Net cash (used in)/provided by Operating Activities	<u>(53,639)</u>	<u>120,292</u>

18 Cash flows from investing activities

	31 August 2017	31 August 2016
	£	£
Dividends, interest and rents from investments	257	252
Purchase of tangible fixed assets	(21,267)	(33,907)
Capital funding received from sponsors and others	11,431	11,376
	<u>(9,579)</u>	<u>(22,279)</u>
Net cash used in investing activities	<u>(9,579)</u>	<u>(22,279)</u>

19 Analysis of cash and cash equivalents

	At 31 August 2017	At 31 August 2016
	£	£
Cash at bank and in hand	228,305	291,523
Total cash and cash equivalents	<u>228,305</u>	<u>291,523</u>

20 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.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2017.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £176,309 (2016: £145,115).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £217,000 (2016 - £186,000), of which employer's contributions totalled £166,000 (2016 - £142,000) and employees' contributions totalled £51,000 (2016 - £44,000). The agreed contribution rates for future years are 19.1 per cent for employers and banded from 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	3.20	3.40
Rate of increase for pensions in payment/inflation	0.40	2.10
Discount rate for scheme liabilities	<u>2.50</u>	<u>2.00</u>

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	21.50	21.40
Females retiring today	24.10	24.00
Retiring in 20 years		
Males retiring in 20 years	23.70	24.00
Females retiring in 20 years	<u>26.20</u>	<u>26.60</u>

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

Sensitivity analysis

	At 31 August 2017 £	At 31 August 2016 £
Discount rate -0.5%	292,000.00	300,000.00
Salary Increase Rate +0.5%	36,000.00	78,000.00
Pension Increase Rate +0.5%	<u>252,000.00</u>	<u>214,000.00</u>

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

	At 31 August 2017 £	At 31 August 2016 £
Equities	1,223,000	1,007,000
Government bonds	268,000	238,000
Property	101,000	84,000
Cash and other liquid assets	<u>84,000</u>	<u>70,000</u>
Total market value of assets	<u>1,676,000</u>	<u>1,399,000</u>

The actual return on scheme assets was £30,000 (2016 - £35,000).

The Cherry Tree Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2017	31 August 2016
	£	£
Current service cost	146,000	58,000
Interest income	30,000	35,000
Interest cost	60,000	64,000
	<u>236,000</u>	<u>157,000</u>

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

	31 August 2017	31 August 2016
	£	£
At start of period	2,864,000	1,895,000
Current service cost	312,000	200,000
Interest cost	60,000	64,000
Employee contributions	51,000	44,000
Actuarial (gains)/losses	(447,000)	661,000
Benefits paid	(52,000)	-
	<u>2,788,000</u>	<u>2,864,000</u>

Changes in the fair value of academy's share of scheme assets:

	31 August 2017	31 August 2016
	£	£
At start of period	1,399,000	1,019,000
Interest income	30,000	35,000
Actuarial gains/(losses)	82,000	159,000
Employer contributions	166,000	142,000
Employee contributions	51,000	44,000
Benefits paid	(52,000)	-
	<u>1,676,000</u>	<u>1,399,000</u>

22 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of governors 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.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.