

The Village Academy
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2017



The Village Academy
(A company limited by guarantee)

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Reference and Administrative Details of the Academy, its Trustees and Advisers
For the Year Ended 31 August 2017

Members	Mr. Mark Pearmain Mrs. Tanya Lambert (resigned 10 November 2016) Mr. Bruce McGlashan Revd. Stephen Lillicrap Mr. Martin Swainson Mrs. Petra Bensted (Ex-Officio)
Trustees	Mrs. Petra Bensted, Chair Mrs. Damaris Gardiner, Vice Chair Mr. Ian Fidge, Principal and Accounting Officer Mrs. Emma Campbell, Staff Trustee Mrs. Carrie Gilbody, Chair of Finance (Chair effective from 1 April 2017) Mrs. Tanya Lambert (resigned 10 November 2016) Revd. Stephen Lillicrap (resigned 31 March 2017) Mr. Bruce McGlashan (resigned 31 March 2017) Mr. Julian Miles (resigned 31 March 2017) Mr. Mark Pearmain (resigned 31 March 2017) Mrs. Mary Penwarden (resigned 31 March 2017) Mrs. Dawn Smith Mr. Martin Swainson, Chair of Finance (resigned 31 March 2017) Miss. Samantha Rintoul (appointed 1 April 2017) Mrs. Temi Bufford (appointed 1 April 2017) Miss. Helen Stevens, (Co-opted Trustee) (appointed 5 September 2017)
Company registered number	07738386
Company name	The Village Academy
Principal and registered office	Pilgrims' Way Primary School Pilgrims' Way Canterbury Kent CT1 1XU
Company secretary	Mrs. Wendy Settle (resigned 13 October 2016) Miss. Sarah Elliott (appointed 13 October 2016, resigned 31 July 2017)
Senior management team (at date of approval)	Ian Fidge, Principal Kelly Collens, Assistant Principal Mary Haney, Assistant Principal Laura Thompson, Assistant Principal – Early Years Jo Cerullo, Advisory Headteacher and Acting Headteacher at Pilgrim's Way Primary Carina Gilbert, Director of Finance Lyndsey Holtby-Smith, Headteacher - Dymchurch Primary Nicki Man, Headteacher - Lydd Primary Katherine Baker, Headteacher - Milstead & Frinsted CEP Babiche Deysel, Headteacher - Petham Primary Kristina Dyer, Headteacher - Selling CEP Helen Stevens, Headteacher – Lynsted & Norton
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ

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Reference and Administrative Details of the Academy, its Trustees and Advisers
For the Year Ended 31 August 2017

Advisers (continued)

Bankers	Lloyds 49 High Street Canterbury Kent CT1 2SE
Solicitors	Brait Limited 67 Lapins Close Kings Hill West Malling Kent ME19 4LE

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Trustees' Report
For the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period 1 September 2016 to 31 August 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The Trustees of The Village Academy are also the directors for the purposes of company law.

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

Members' liability

Each member of the academy trust 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.

Trustees' indemnities

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

Principal Activities

The Academy Trust's principal object and activity has been to manage the schools' provision of education to pupils between the ages of 3 and 11 in 7 primary academies in Kent. Its academies have a combined pupil capacity of 1,600 and had a roll of 1,281 in the school census in May 2017.

Method of recruitment and appointment or election of Trustees

Trustees are appointed for a four year period, with the exception of the Principal who will hold office for as long as he / she is employed.

The Trustees are appointed by the members, under the following criteria:

- To ensure appropriate skills
- To ensure representation of the Foundation; and
- To ensure representation of stakeholders

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees includes a tour of The Village Academy schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

The Governor Support Team at the Local Authority provides relevant external training. They provide regular updates on practice, legislation and guidance. Ongoing training opportunities are made available through the Local Authority and the NGA. Further bespoke training is provided by The Village Academy staff.

The Trustees are also included in a range of staff training opportunities.

Organisational structure

The Village Academy has a leadership structure which consists of the Trustees and the Senior Leadership Team (SLT). The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Principal is the Accounting Officer.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring The Village Academy by the use of budgets and other data, and making major decisions about the strategic direction of the Academy.

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

The Senior Leadership Team (SLT) consists of the Principal, Assistant Principals, Advisory Headteacher, the Headteachers, and the Finance Director. The SLT control The Village Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

The Principal, Headteachers and Finance Director are responsible for the authorisation of spending within agreed budgets as identified in the Trust's policy. The Headteachers and Assistant Principals are responsible for the appointment of staff in line with the scheme of delegation, though appointment panels for teaching posts often include governance representation.

Arrangements for setting pay and remuneration of key management personnel

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

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of Trustees, after taking advice from the Principal and following guidance from the relevant professional pay review bodies. The Principal was not involved in setting his own remuneration package.

Only staff Trustees, including the Principal, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as Trustees. Specific disclosures concerning Staff Trustees' remuneration is included in note 12.

The day to day running of the remuneration policy is delegated to the Principal and monitored by the Pay Committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed regularly by the board of Trustees.

Senior management salaries are linked to pay ranges, helping Trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

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

Total remuneration paid to senior management personnel is set out in note 10.

Risk management

The Trustees have 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 Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks and the business continuity plans for each academy are in place and regularly reviewed.

Connected organisations, including related party relationships

There are no related parties that either control or significantly influence the decisions and operations of The Village Academy. However, as two of the constituent academies (Milstead & Frinsted CEP School and Selling CEP School) are Church of England academies, the Diocese of Canterbury required during the consultations leading up to conversion that one of The Village Academy Members should be a Church appointment and that there should be Church appointments to the board of Trustees, whilst respecting the community status of the other schools. The number of Church appointments should be 25% of the total number of Trustees. In practice, the Diocese has approved local nominations to these positions.

Each academy within The Village Academy Trust benefits from a separate self-administered PTA, who fundraise for specific academy-based requirements.

OBJECTIVES AND ACTIVITIES

Objects and aims

The purpose of The Village Academy is to provide a nurturing community, learning together, engaging and inspiring everyone to be the best that they can be.

The goal of The Village Academy is to improve the quality of education provided to all children in all academies within the Trust. We particularly value the individuality of the academies and respect the traditions, both Christian and community, that they represent.

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

The academies support each other to:

- Improve the quality of teaching;
- Improve the quality of leadership;
- Improve the breadth of curriculum experience; and
- Make children's lives better.

The Village Academy is a family of Church and community academies. We aim to ensure that every individual is empowered and supported to succeed by working together with high expectations. We place the education and wellbeing of our children, staff and community at the heart of all we do.

We celebrate that which makes us different, as academies and individuals.

Objectives, strategies and activities

The objectives of The Village Academy Trust are to:

- Ensure all academies exceed National Expectations;
- Reduce bureaucracy by the simplification of information systems;
- Share good practice across the academy; and
- Ensure good value for money.

Public benefit

The Village Academy Trust is a group of academies catering for children aged 3 to 11 and strives to promote and support the advancement of education. The academies provide an extensive programme of educational and recreational activity designed to contribute to the overall education of our children. Specifically, the academies work with a range of local secondary and independent schools to promote science and the arts and work with a range of local charities and community organisations to develop community cohesion.

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

Performance tables for each school, which include measurements of achievement and progress can be found on the Village Academy website (www.villageacademy.co.uk) via links to individual academies.

Key priorities for the year are contained in the School Improvement Plans which are available from the School Offices and are in line with the Academy Trust's Improvement Plan, as summarised previously.

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.

Key financial performance indicators

The Trustees consider that the following are key performance indicators for the Academy Trust:

- Pupils numbers (linking directly to the Education and Skills Funding Agency funding level);
- Continued financial stability; and
- Staff costs as a percentage of grant income

All key performance indicators listed have been successfully met during the period.

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

Financial review and position

Most of the Academy Trust's recurrent income is obtained from the Education and Skills Funding Agency ("ESFA") in the form of grants, some of which is restricted to particular purposes. The 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 ("SoFA").

The Trust also receives grants for fixed assets from the ESFA, which 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.

Total incoming resources for the year were £6.7m, a reduction on the £7.7m in the previous year. Last year's income included the exceptional net donation of £1.4m for the value of assets inherited when Dymchurch Primary School joined the trust. The underlying operational income has therefore increased, although this is partly because the prior year figures do not include a full year for Dymchurch.

Total expenditure for the year was £7.7m resulting in the net expenditure figure of £977k shown on the SoFA. This is not an alarming figure because it includes two non-cash charges which heavily impact on the result for the year:

- Expenditure on restricted funds on the SoFA includes £519k in respect of non-cash pension charges which form part of the overall movement in the Local Government Pension Scheme ("LGPS") liabilities during the year. These charges are required to be accounted for as a cost for the year despite being outside of the trust's control, and being part of the actuary's highly subjective valuation of the LGPS.

For clarity the LGPS references relate to non-teaching staff members. The trust makes contributions to the LGPS on behalf of these staff, and in the LGPS the assets and liabilities held within the scheme are subject to a full triennial actuarial valuation and are attributable to individual employers. The trust's balance sheet contains the trust's share of the net pension scheme deficit, and this is updated annually.

- The fixed asset carries an in-year deficit of £278k due to depreciation charges of £320k. The depreciation largely relates to the academies' buildings as these are written off over a period of time.

The SoFA actually shows an overall increase in net funds of £315k after a large actuarial gain of £1.29m. This, along with the £519k pension charges explained above, forms the movement in the LGPS deficit reserve during the year. The reduction in the carried deficit is in common with most academy trust's pension deficits in 2016/17 and is mainly because the 31 August 2017 valuation is based on a more recent main triennial valuation.

It is therefore difficult to read the SoFA and gain an immediate picture of the meaningful financial result for the year. The more useful operating revenue result for the year (the income and expenditure for day to day running of the trust's academies) was a deficit of £240k and this is not clear from the SoFA. The in-year deficit was not unexpected, and the final result was actually less than forecast earlier in the year due to careful planning.

The trust is left with cumulative revenue reserves of £417k to carry into 2017/18, and with a surplus forecast for next year the directors are confident that the trust remains on a sound financial footing. Two of the individual academies and the central trust function were in an overall deficit position at 31 August 2017, and the reasons for this and the actions being taken to rectify the situation are disclosed in note 19.

In addition to revenue funds and the pension deficit of £2.56m the trust had restricted fixed asset funds of £10.8m at the year end; much of this relates to the value of the school buildings which are carried on the balance sheet. Full details and movement in tangible fixed assets which make up this fund are shown in note 14 to the financial statements. The assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies.

The pension reserve is therefore the only fund in deficit at 31 August 2017. The existence of a deficit does not mean an immediate liability will become payable, nor does it have a direct impact on the employer contribution rate paid, which is determined using longer-term funding assumptions. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

Finally, there has been a prior year adjustment to de-recognise some of the trust's school buildings which have until now been carried on the Balance Sheet at valuation. After protracted discussions between the ESFA and various church bodies clarification has been provided during the year that where church school buildings are occupied under a Supplemental Agreement then the buildings should not be reflected as an asset on the Balance Sheet. A prior year adjustment has been made, and the 2016 comparative figures restated, in order to reflect this revised position. Further details of this prior year adjustment are provided in note 18.

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

Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

- *Liquidity risk* - the Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk* - the Trust earns interest on cash deposits. With interest rates currently low, the Trustees continue to consider actions to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.
- *Credit risk* - this arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment policy

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit.

The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

In addition, the Trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances.

The trust has implemented a number of systems to assess the perceived risks that the individual academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance, including the individual business continuity plans.

Reserves policy

The Trustees review the reserve levels of The Village Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year, by setting and managing a balanced budget, will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The Trustees have determined that the appropriate level of free reserves should be approximately equivalent to four weeks' expenditure, currently around £500k across the trust.

The reason for this 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 or long term sickness where unforeseen costs are incurred.

The Village Academy's current level of reserves (total funds less the amount held in fixed assets and pension deficit) is £417k.

As expected general unrestricted funds have reduced in the year, however management action taken is expected to return reserves to the preferred level over the forthcoming years.

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

Disabled employees

The Village Academy Trust is committed to a fair and equal treatment of all individuals regardless of disability.

The policy of the Academy Trust is to support recruitment and retention of employees with disabilities, to provide disabled employees with the same opportunities for promotion, career development and training as those afforded to other employees and support children with disabilities within our academies.

The Academy Trust does this by making reasonable adaptation to the physical environment and by making support resources available including the modification of equipment and the use of special aids to employment as necessary and appropriate.

Equal opportunities

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

PLANS FOR FUTURE PERIODS

The Village Academy plans to continue to improve, ensuring its pupils get the best start to their education. Full details of the plans for the future are given in our School Improvement Plans.

The school improvement plans are regularly monitored by the Senior Leadership Team and Trustees.

The culture is one of openness, both senior staff and teaching staff are clear about the need to collaborate and commit to their own professional development.

In summary, during 2017/18 the Academy will continue to;

- Make good provision for personalised learning, support and intervention programmes for individual pupils.
- Ensure the pursuit of excellence through its strong culture of collaboration, openness and commitment to professional learning.
- Share best practice within and across schools, which is a key value driver.
- Ensure curriculum priorities in the school improvement plans are used to inform future budget priorities.
- Focus on parent communication and engagement
- Review its procurement to deliver best value and savings through economies of scale

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the academy trust'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.

Approved by order of the board of Trustees on 11 December 2017 and signed on its behalf by:



Mrs. Petra Bensted
Chair of Trustees



Mr. Ian Fidge
Principal and Accounting Officer

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Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Village Academy 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 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 The Village Academy and the Secretary of State for Education. The Principal is 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 5 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

<u>Trustees</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. Petra Bensted, Chair	5	5
Mrs. Damaris Gardiner, Vice Chair	5	5
Mr. Ian Fidge, Principal and Accounting Officer	5	5
Mrs. Emma Campbell, Staff Trustee	5	5
Mrs. Carrie Gilbody, Chair of Finance	5	5
Mrs. Tanya Lambert	0	1
Revd. Stephen Lillicrap	1	3
Mr. Bruce McGlashan	1	3
Mr. Julian Miles	1	2
Mr. Mark Pearmain	3	4
Mrs. Mary Penwarden	1	2
Mrs. Dawn Smith	4	5
Mr. Martin Swainson	3	3
Mrs. Temi Bufford	1	2
Miss. Samantha Rintoul	2	2
Miss. Helen Stevens, Co-opted Trustee (Interim)	2	2

The members have agreed, following a significant review of governance, to only appoint new Trustees on the basis of skill set. They will endeavor to seek representations from across the academy group. Each academy within the trust, subject to its scheme of delegation will have a local academy council that will report to the board of Trustees on local matters and will ensure appropriate stakeholder representation.

During the review, the members agreed, to ensure appropriate segregation, no individual should hold position on a local committee and the board of Trustees. Nor should any Trustee be a member, with the exception of the Chair of Trustees by virtue of post.

Governance reviews

A full review of Governance has taken place, this had left to significant restructure as mentioned previously.

The Trustees will continue to consider the overall effectiveness of Governance using the NCTL Review of Governance Tool.

At each Trustees meeting, the Trustees consider all learning points and develop action points to take forward. During the agenda item "Outcomes", Trustees have the opportunity to reflect on the impact the meeting has had on improving learning across the Academy.

The local governance teams are specifically responsible for monitoring the standards at each school, and the effective use of Pupil Premium and Sports Premium funding.

The Finance Audit and Compliance Committee is a sub-committee of the main board of Trustees. Its purpose is to review the financial status of the Academy Trust and to monitor performance against budgets. The terms of reference for this committee are available from the Clerk.

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Governance Statement (continued)

During the year under review, a centralised Finance Services Team has continued to support individual academies through increased centralisation of finance and HR support functions. This enables academies more scope to focus on standards.

Attendance at meetings in the year was as follows:

<u>Trustees</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. Carrie Gilbody, Chair of Finance	5	5
Mr. Ian Fidge, Principal and Accounting Officer	5	5
Mr. Martin Swainson	3	3
Mrs. Dawn Smith	5	5
Miss. Samantha Rintoul	0	1
Mrs. Carina Gilbert, Finance Director	5	5
Mrs. Mary Haney, Assistant Principal	3	3

The functions of an audit committee are fulfilled within the Finance, Audit and Compliance committee.

Review of Value for money

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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 academy'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 has delivered improved value for money during the year by:

Improving Educational Results

- Ensuring that resources are directed where they are most needed and most effective in meeting educational requirements; and
- The Trust has deployed staff effectively, using shared resources and specialist staff across the academies.

Income Generation

The Trust has taken steps to maximise its income, including:

- Income from lettings at some schools; and
- Engagement with Kent County Council to agree a significant increase in PAN at an academy to meet local demand.

Procurement and cost savings

The Village Academy has procedures to ensure that resources are used efficiently, economically, effectively and avoiding waste.

The increased centralisation of administration services has facilitated the shared purchase of a range of services, resources and subscriptions to support and enrich the learning opportunities for our pupils.

Examples of steps taken to ensure value for money include:

- A review of all contracts prior to renewal, to secure reductions wherever possible by way of collaborative purchasing;
- An ongoing procurement exercise was undertaken in the year to generate economies of scale and cost savings;
- A thorough review of the staffing structure at each individual academy and the central team;
- The continued application of competitive tendering procedures (for goods and services above £10,000); and
- The purchase of a staff wellbeing package, in an attempt to increase wellbeing and to prevent absence.

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 academy 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 Village Academy for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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Governance Statement (continued)

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. There is a formal ongoing process for identifying, evaluating and managing the academy'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.

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, Audit and Compliance 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; and
- identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The internal auditor undertook three visits during the year ended 31 August 2017, in which they carried out checks as detailed above. As well as adhering to the plan above, they also undertook a specific programme of work around governance and compliance. Although no significant weaknesses in the internal control system were identified, a number of recommendations were made and appropriate persons have been assigned to address these recommendations and report back to the internal auditor and board. These recommendations will be followed up during the year ended 31 August 2018 and a report will be made to the board of Trustees to confirm they have been addressed appropriately.

Review of Effectiveness

As Accounting Officer, the 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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy 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, Audit and Compliance 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 11 December 2017 and signed on their behalf, by:



Mrs. Petra Bensted, Chair of Trustees



Mr. Ian Fidge, Principal and Accounting Officer

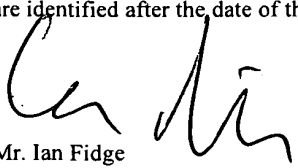
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Statement on Regularity, Propriety and Compliance

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

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

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



Mr. Ian Fidge
Principal and Accounting Officer

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

The trustees (who act as governors of The Village Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 and signed on its behalf by:



Mrs. Petra Bensted
Chair of Trustees

Date: 11 December 2017

The Village Academy
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Village Academy

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our 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.

The Village Academy
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Village Academy

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.

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 academy's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 20 December 2017

The Village Academy
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Village Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 11 April 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 Village Academy 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 The Village Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Village Academy 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 Village Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Village Academy's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Village Academy for the year ended 31 August 2017 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

The Village Academy
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Village Academy and the Education and Skills Funding Agency (continued)

Conclusion

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



UHY Kent LLP

Reporting Accountants
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 20 December 2017

The Village Academy
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the Year Ended 31 August 2017

		Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted funds - fixed assets 2017 £	Total funds 2017 £	<i>As restated Total funds 2016 £</i>
	Note					
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	1,405,584
Other donations and capital grants	2	66,405	-	41,487	107,892	94,697
Charitable activities	3	381,502	6,195,264	-	6,576,766	6,133,482
Other trading activities	4	43,778	-	-	43,778	57,340
Investments	5	1,438	-	-	1,438	2,542
Total income		493,123	6,195,264	41,487	6,729,874	7,693,645
Expenditure on:						
Raising funds	4	19,664	-	-	19,664	14,339
Charitable activities	7	308,742	7,058,961	319,540	7,687,243	6,840,737
Total expenditure	6	328,406	7,058,961	319,540	7,706,907	6,855,076
Net income / (expenditure) before transfers		164,717	(863,697)	(278,053)	(977,033)	838,569
Transfers between Funds	19	(240,130)	179,924	60,206	-	-
Net income / (expenditure) before other recognised gains and losses		(75,413)	(683,773)	(217,847)	(977,033)	838,569
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,293,000	-	1,293,000	(1,594,000)
Net movement in funds		(75,413)	609,227	(217,847)	315,967	(755,431)
Reconciliation of funds:						
Total funds brought forward		411,197	(3,093,253)	9,337,757	6,655,701	7,411,132
Total funds carried forward		335,784	(2,484,026)	9,119,910	6,971,668	6,655,701

The notes on pages 21 to 43 form part of these financial statements.

The Village Academy
(A company limited by guarantee)
Registered number: 07738386

Balance Sheet
As at 31 August 2017

	Note	£	2017 £	£	As restated 2016 £
Fixed assets					
Tangible assets	14		9,119,910		9,331,816
Current assets					
Debtors	15	214,883		150,889	
Cash at bank and in hand		556,651		777,275	
			771,534	928,164	
Creditors: amounts falling due within one year	16	(337,061)		(242,503)	
Net current assets			434,473		685,661
Total assets less current liabilities			9,554,383		10,017,477
Creditors: amounts falling due after more than one year	17		(17,715)		(22,776)
Net assets excluding pension scheme liabilities			9,536,668		9,994,701
Defined benefit pension scheme liability	23		(2,565,000)		(3,339,000)
Net assets including pension scheme liabilities			6,971,668		6,655,701
Funds of the academy					
Restricted funds :					
Restricted income funds	19	80,974		245,747	
Restricted funds - fixed assets	19	9,119,910		9,337,757	
Restricted income funds excluding pension liability		9,200,884		9,583,504	
Pension reserve		(2,565,000)		(3,339,000)	
Total restricted funds			6,635,884		6,244,504
Unrestricted income funds	19		335,784		411,197
Total funds			6,971,668		6,655,701

The financial statements on pages 18 to 43 were approved by the trustees, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:



Mrs. Petra Bensted
Chair of Trustees

The notes on pages 21 to 43 form part of these financial statements.

The Village Academy
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2017

	Note	2017 £	<i>As restated 2016 £</i>
Cash flows from operating activities			
Net cash used in operating activities	21	(203,951)	(113,074)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,438	2,542
Purchase of tangible fixed assets		(59,598)	(260,253)
Capital grants from DfE/ESFA		41,487	41,233
Cash transferred on conversion to an academy trust		-	82,080
Net cash used in investing activities		(16,673)	(134,398)
Change in cash and cash equivalents in the year		(220,624)	(247,472)
Cash and cash equivalents brought forward		777,275	1,024,747
Cash and cash equivalents carried forward	22	556,651	777,275

The notes on pages 21 to 43 form part of these financial statements.

The Village Academy
(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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

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

The Village Academy 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 academy 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.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Income

All income is recognised once the academy 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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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.

The Village Academy
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 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 academy 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

The Village Academy
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

Individual assets costing more than £2,000 and groups of assets costing more than £2,500 are capitalised. Groups of purchases are where the assets are purchased as part of one original purchase order.

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.

The valuation for leasehold property has been taken from the Drivers Jonas Deloitte desktop valuations completed for the ESFA. The basis of the value is fair value, as defined by the International Financial Reporting Standards (IFRS). No value for land has been included.

Two of the trust's academies are 'church' schools. The buildings of Milstead & Frinsted Church of England Primary School and Selling Church of England Primary School are occupied on a rolling Church Supplemental Agreement with the Diocese of Canterbury, the freehold owners. In considering the accounting treatment for these properties the trustees have considered the provisions of the Academies Accounts Direction 2016 to 2017 (AAD). Until this year the trust has recognised the buildings on its Balance Sheet, at valuation, but guidance in the AAD has now clarified that where a Supplemental Agreement is in place then the trust does not have full rights or control such that any asset should not be recognised in the Balance Sheet. A prior year adjustment has therefore been included in this year's financial statements (see note 18) to de-recognise the buildings.

Per the AAD the rolling right to occupy the building could be recognised in the financial statements via a notional donation (since it pays no actual rent) with a corresponding notional rental expense for its use of the premises. The value of the donation would be the amount that the academy trust would otherwise have had to pay to secure premises, however since the trustees feel that this cannot be reliably measured, and in accordance with the AAD, no donation or rental expense have been recognised.

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:

Long-term leasehold property	-	125 year lease term
Improvements to leasehold	-	10% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

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

1.7 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.

1.8 Cash at Bank and in hand

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

The Village Academy
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.9 Liabilities and provisions

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

1.10 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 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.

The Village Academy
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local 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 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.

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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.

The Village Academy
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Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted funds - fixed assets 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from local authority on conversion	-	-	-	-	1,405,584
Donations	66,405	-	-	66,405	53,464
Capital grants	-	-	41,487	41,487	41,233
	66,405	-	41,487	107,892	94,697
	66,405	-	41,487	107,892	1,500,281
<i>Analysis of 2016 total by fund</i>	110,544	(143,175)	1,532,912	1,500,281	

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,760,000	4,760,000	4,690,509
Other DfE/ESFA grants	-	754,269	754,269	668,075
	-	5,514,269	5,514,269	5,358,584
Other government grants				
Local authority grants	-	313,341	313,341	279,990
Special educational needs (SEN) funding	-	367,654	367,654	212,119
	-	680,995	680,995	492,109
Other income from the academy trust's educational operations				
Educational trips	190,530	-	190,530	105,545
Catering income	20,979	-	20,979	19,131
Absence insurance income	68,788	-	68,788	63,764
Other activities	101,205	-	101,205	94,349
	381,502	-	381,502	282,789
	381,502	6,195,264	6,576,766	6,133,482
<i>Analysis of 2016 total by fund</i>	284,229	5,849,253	6,133,482	

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4. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Hire of facilities	8,166	-	8,166	7,179
Private nursery fees	21,067	-	21,067	10,316
Staff consultancy	489	-	489	29,617
Sale of uniform	14,056	-	14,056	10,228
	<u>43,778</u>	<u>-</u>	<u>43,778</u>	<u>57,340</u>
Fundraising trading expenses				
Purchase of uniform	19,664	-	19,664	14,339
	<u>19,664</u>	<u>-</u>	<u>19,664</u>	<u>14,339</u>
Net income from trading activities	<u>24,114</u>	<u>-</u>	<u>24,114</u>	<u>43,001</u>

In 2016, the total trading activities income and expenditure was to unrestricted funds.

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	1,438	-	1,438	2,542
	<u>1,438</u>	<u>-</u>	<u>1,438</u>	<u>2,542</u>
<i>Analysis of 2016 total by fund</i>	<u>2,542</u>	<u>-</u>	<u>2,542</u>	

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	As restated Total 2016 £
Expenditure on fundraising trading	-	-	19,664	19,664	14,339
Educational operations:					
Direct costs	4,497,052	226,086	744,630	5,467,768	4,983,479
Support costs	1,387,774	381,869	449,832	2,219,475	1,857,258
	<u>5,884,826</u>	<u>607,955</u>	<u>1,214,126</u>	<u>7,706,907</u>	<u>6,855,076</u>
<i>Analysis of 2016 total</i>	<u>5,161,904</u>	<u>641,926</u>	<u>1,051,246</u>	<u>6,855,076</u>	

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7. Analysis of expenditure by activities

	Direct costs	Support costs	Total	<i>As restated</i>
	2017	2017	2017	<i>Total</i>
	£	£	£	<i>2016</i>
Academy trust educational operations	5,467,768	2,219,475	7,687,243	6,840,737
<i>Analysis of 2016 total</i>	<i>4,983,479</i>	<i>1,857,258</i>	<i>6,840,737</i>	

Analysis of direct costs

	Total	<i>As restated</i>
	2017	<i>Total</i>
	£	<i>2016</i>
Educational supplies	364,776	285,969
Staff development	39,431	34,059
Educational consultancy	157,547	162,825
Other direct costs	9,506	9,689
Technology costs	53,586	60,870
Recruitment and support	7,893	6,311
Insurance	52,290	31,503
Travel and subsistence	14,183	17,073
Wages and salaries	3,632,221	3,331,708
National insurance	284,243	223,045
Pension cost	580,588	551,523
Depreciation	271,504	268,904
	5,467,768	4,983,479
<i>Analysis of 2016 total</i>	<i>4,983,479</i>	

Analysis of support costs

	Total	<i>As restated</i>
	2017	<i>Total</i>
	£	<i>2016</i>
Staff costs	1,387,774	1,055,628
Technology costs	72,632	57,885
Maintenance of premises and equipment	161,830	161,050
Cleaning	53,822	45,857
Rates	66,836	57,311
Energy	76,600	79,425
Insurance	24,268	29,379
Security and transport	4,363	3,637
Catering	205,225	181,108
Non-educational professional services	83,819	106,834
Other support costs	60,568	57,263
Governance costs	21,738	21,881
	2,219,475	1,857,258
<i>Analysis of 2016 total</i>	<i>1,857,258</i>	

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Notes to the Financial Statements
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8. Net income/(expenditure)

This is stated after charging:

	2017	<i>As restated</i> 2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the academy trust	271,504	268,904
Operating lease rentals	25,023	21,277
Loss on disposal of tangible fixed assets	-	59,482
	<u>296,527</u>	<u>349,663</u>

9. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	12,930	12,500
Fees payable to the academy's auditor and its associates in respect of:		
All other non-audit services not included above	7,180	1,650
Previous auditor's all other non-audit services not included above	-	6,281
	<u>20,110</u>	<u>20,431</u>

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10. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,093,818	3,864,764
Social security costs	313,320	247,881
Pension costs	1,225,882	895,434
	<u>5,633,020</u>	<u>5,008,079</u>
Apprenticeship levy	2,467	-
Supply teacher costs	174,183	130,675
Staff restructuring costs	75,156	23,150
	<u>5,884,826</u>	<u>5,161,904</u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	23,626	400
Severance payments	51,530	22,750
	<u>75,156</u>	<u>23,150</u>

The severance payments comprise individual amounts of £30,000, £10,000, £5,400, £3,800 and £2,330.

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

	2017 No.	2016 No.
Teachers	83	110
Administration and support	173	208
Management	12	10
	<u>268</u>	<u>328</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	65	65
Administration and support	95	87
Management	10	10
	<u>170</u>	<u>162</u>

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

	2017 No.	2016 No.
In the band £ 70,001 - £ 80,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £12,815 (2016: £12,868).

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

10. Staff costs (continued)

The key management personnel of the academy trust comprise the trustees and 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 £623,761 (2016: £617,583).

11. Central services

The Village Academy has provided the following central services to its academies during the year:

- Human resources
- Financial services
- Legal services
- Educational support services
- IT services
- Leadership support

The Village Academy charges for these services on the following basis:

All central service expenditure is recharged to the Academies, pro-rated according to the amounts of GAG income received by the Academy in the year, together with specific support costs as required.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Dymchurch Primary School	79,078	54,828
Lynsted & Norton Primary School	79,262	54,232
Milstead & Frinsted Church of England Primary School	41,741	36,610
Selling Church of England Primary School	72,820	64,736
Pilgrims Way Primary School	95,729	91,492
Petham Primary School	44,818	37,516
Lydd Primary School	89,640	80,846
Total	<u>503,088</u>	<u>420,260</u>

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

12. 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 other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
Mr. Ian Fidge, Principal	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs. Emma Campbell	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2017, expenses totalling £273 (2016 - £NIL) were reimbursed to 3 trustees (2016 - None).

13. Trustees' and Officers' Insurance

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

14. Tangible fixed assets

	Long-term leasehold property £	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016 (as previously stated)	10,854,776	765,090	100,498	143,348	11,863,712
Prior year adjustment	(1,622,104)	(376,306)	-	-	(1,998,410)
At 1 September 2016 (as restated)	9,232,672	388,784	100,498	143,348	9,865,302
Additions	-	28,837	10,232	20,529	59,598
At 31 August 2017	9,232,672	417,621	110,730	163,877	9,924,900
Depreciation					
At 1 September 2016 (as previously stated)	565,536	94,240	26,450	76,345	762,571
Prior year adjustment	(160,485)	(68,600)	-	-	(229,085)
At 1 September 2016 (as restated)	405,051	25,640	26,450	76,345	533,486
Charge for the year	184,653	41,433	10,639	34,779	271,504
At 31 August 2017	589,704	67,073	37,089	111,124	804,990
Net book value					
At 31 August 2017	8,642,968	350,548	73,641	52,753	9,119,910
At 31 August 2016 (as restated)	8,827,621	363,144	74,048	67,003	9,331,816

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Notes to the Financial Statements
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15. Debtors

	2017 £	2016 £
Trade debtors	1,022	1,005
Other debtors	28,009	29,464
Prepayments and accrued income	185,852	120,420
	<u>214,883</u>	<u>150,889</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	12,653	7,592
Trade creditors	123,310	90,038
Other taxation and social security	-	261
Other creditors	3,227	1,625
Accruals and deferred income	197,871	142,987
	<u>337,061</u>	<u>242,503</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	94,066	98,289
Resources deferred during the year	151,928	94,066
Amounts released from previous years	(94,066)	(98,289)
Deferred income at 31 August 2017	<u>151,928</u>	<u>94,066</u>

At the balance sheet date the academy trust was holding funds received in advance for:

	2017 £	2016 £
Universal infant free school meals	91,646	79,026
Rates relief	12,732	-
Trafalgar	7,550	14,250
New Ways of Working grant	40,000	-
School trips	-	790
	<u>151,928</u>	<u>94,066</u>

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Notes to the Financial Statements
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17. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Other loans	17,715	22,776

Creditors include amounts not wholly repayable within 5 years as follows:

	2017	2016
	£	£
Repayable by instalments	-	2,532

Included within other loans is an interest free loan of £30,368 from Salix which is to be repaid by biannual instalments over a period of 6 years. The first instalment was due in March 2016 however the ESFA as at the year end have not taken any repayments.

18. Prior year adjustment

The Canterbury Diocesan Board of Education own the legal title of the land and freehold where Milstead & Frinsted Church of England Primary School and Selling Church of England Primary School are situated. There are no formal leases in place and the Canterbury Diocesan Board of Education do not charge any rent for the use of the properties. The academy trust has a licence to occupy only and, given the terms set out in the Church Supplemental Agreements in place, has concluded that it does not have control over the premises. As a result of this change in accounting policy, the value of the land and buildings for those schools has not been recognised by the academy trust.

The effect of the prior year adjustment has been to reduce the brought forward net book value of leasehold land and buildings and the brought forward restricted fixed asset fund balance by £1,769,325. The net movement in funds in the prior year has been increased by £62,058.

Impact of prior year adjustment:

	2017
	£
Brought forward total funds as at 1 September 2016 as previously stated	8,425,026
Prior year adjustment as explained above	(1,769,325)
Total	6,655,701

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

19. Statement of funds

	Balance at 1 September 2016 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	411,197	493,123	(328,406)	(240,130)	-	335,784
Restricted funds						
General Annual Grant (GAG)	238,288	4,760,000	(5,054,989)	137,675	-	80,974
Other DfE/ESFA grants	7,459	754,269	(772,196)	10,468	-	-
Other government grants	-	680,995	(712,776)	31,781	-	-
Pension reserve	(3,339,000)	-	(519,000)	-	1,293,000	(2,565,000)
	(3,093,253)	6,195,264	(7,058,961)	179,924	1,293,000	(2,484,026)
Restricted funds - Fixed assets						
Tangible fixed assets	9,331,816	-	(319,540)	107,634	-	9,119,910
ESFA capital grants	5,941	41,487	-	(47,428)	-	-
	9,337,757	41,487	(319,540)	60,206	-	9,119,910
Total restricted funds	6,244,504	6,236,751	(7,378,501)	240,130	1,293,000	6,635,884
Total of funds	6,655,701	6,729,874	(7,706,907)	-	1,293,000	6,971,668

Statement of funds - prior year (as restated)

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General funds	444,786	454,655	(230,055)	(258,189)	-	411,197
	444,786	454,655	(230,055)	(258,189)	-	411,197
Restricted funds						
General Annual Grant (GAG)	218,729	4,690,510	(4,710,530)	39,579	-	238,288
Other DfE/ESFA grants	-	691,900	(746,199)	61,758	-	7,459
Other government grants	-	490,668	(601,922)	111,254	-	-
Pension reserve	(1,355,000)	(167,000)	(223,000)	-	(1,594,000)	(3,339,000)
	(1,136,271)	5,706,078	(6,281,651)	212,591	(1,594,000)	(3,093,253)

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19. Statement of funds (continued)

Restricted funds - Fixed assets

Tangible fixed assets	7,908,267	1,491,679	(343,370)	275,240	-	9,331,816
ESFA capital grants	194,350	41,233	-	(229,642)	-	5,941
	<u>8,102,617</u>	<u>1,532,912</u>	<u>(343,370)</u>	<u>45,598</u>	<u>-</u>	<u>9,337,757</u>
Total restricted funds	<u>6,966,346</u>	<u>7,238,990</u>	<u>(6,625,021)</u>	<u>258,189</u>	<u>(1,594,000)</u>	<u>6,244,504</u>
Total of funds	<u>7,411,132</u>	<u>7,693,645</u>	<u>(6,855,076)</u>	<u>-</u>	<u>(1,594,000)</u>	<u>6,655,701</u>

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

General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE, and includes Pupil Premium.

The other government grants fund is used to track grants provided by other government departments.

The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer of £60,206 represents the total capital expenditure in the year in excess capital funding received, which has been funded from the General Annual Grant fund.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>As restated Total 2016 £</i>
Dymchurch Primary School	52,156	113,794
Lynsted & Norton Primary School	(23,961)	24,958
Milstead & Frinsted Church of England Primary School	80,671	76,719
Selling Church of England Primary School	125,178	59,652
Pilgrims Way Primary School	104,411	185,796
Petham Primary School	99,023	111,795
Lydd Primary School	(714)	48,045
Central Trust Function	(20,006)	36,185
Total before fixed asset fund and pension reserve	<u>416,758</u>	<u>656,944</u>
Restricted fixed asset fund	9,119,910	9,337,757
Pension reserve	(2,565,000)	(3,339,000)
Total	<u>6,971,668</u>	<u>6,655,701</u>

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19. Statement of funds (continued)

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

Name of academy	Amount of deficit £
Lynsted & Norton Primary School	23,961
Lydd Primary School	714
Central Trust Function	20,006

The reasons for the net deficits stated above and the action being taken to return the two academies and the central trust function to surplus are as follows:

- Lynsted & Norton** – The net deficit is due to a necessary restructure happening during the year. Although the total redundancy costs have put the academy into a net deficit position; they would have been in a much worse position without the restructure. 2017/18 is budgeting a surplus of £38,509; so will enable this deficit to be covered.
- Lydd** – There are a lot of experienced members of staff at Lydd; meaning a high staffing cost. Natural wastage has been utilised this year to put the budget back into a surplus position. Numbers on roll increased by 23 at October 2017 therefore future years are looking at healthy surplus’.
- Central** – The Head Office recharges are set for the year to cover central costs; there is no contingency. Therefore the net deficit at central is due to unbudgeted expenditure during the year. Headteachers have agreed to cover this cost in a lump sum contribution to central in November 2017; therefore balancing the budget back to zero.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	<i>As restated Total 2016 £</i>
Dymchurch Primary School	618,437	105,835	71,054	109,834	905,160	772,408
Lynsted & Norton Primary School	556,434	81,535	76,732	81,788	796,489	752,350
Milstead & Frinsted Church of England Primary School	306,764	54,624	57,808	88,470	507,666	434,820
Selling Church of England Primary School	531,806	102,805	124,498	97,987	857,096	824,368
Pilgrims Way Primary School	1,116,151	179,343	132,520	157,824	1,585,838	1,351,532
Petham Primary School	347,840	76,638	69,519	78,447	572,444	443,158
Lydd Primary School	837,943	120,649	50,532	118,201	1,127,325	1,092,760
Central Trust Function	276,021	169,421	129	118,814	564,385	847,969
Central Trust Function (LGPS)	-	519,000	-	-	519,000	-
	<u>4,591,396</u>	<u>1,409,850</u>	<u>582,792</u>	<u>851,365</u>	<u>7,435,403</u>	<u>6,519,365</u>

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Notes to the Financial Statements
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20. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted funds - fixed assets 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	9,119,910	9,119,910
Current assets	335,784	435,750	-	771,534
Creditors due within one year	-	(337,061)	-	(337,061)
Creditors due in more than one year	-	(17,715)	-	(17,715)
Provisions for liabilities and charges	-	(2,565,000)	-	(2,565,000)
	<u>335,784</u>	<u>(2,484,026)</u>	<u>9,119,910</u>	<u>6,971,668</u>

Analysis of net assets between funds - prior year (as restated)

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted funds - fixed assets 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	9,331,816	9,331,816
Current assets	411,197	511,026	5,941	928,164
Creditors due within one year	-	(242,503)	-	(242,503)
Creditors due in more than one year	-	(22,776)	-	(22,776)
Provisions for liabilities and charges	-	(3,339,000)	-	(3,339,000)
	<u>411,197</u>	<u>(3,093,253)</u>	<u>9,337,757</u>	<u>6,655,701</u>

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

	2017 £	As restated 2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(977,033)	838,569
Adjustment for:		
Depreciation charges	271,504	268,901
Dividends, interest and rents from investments	(1,438)	(2,542)
Loss on the sale of fixed assets	-	59,482
Increase in debtors	(63,994)	(102,266)
Increase in creditors	89,497	49,774
Capital grants from DfE and other capital income	(41,487)	(41,233)
Defined benefit pension scheme obligation inherited	-	167,000
Defined benefit pension scheme cost less contributions payable	447,000	168,000
Defined benefit pension scheme finance cost	71,000	54,000
Net (loss) on assets and liabilities from local authority on conversion	-	(1,573,759)
Defined benefit pension scheme administration cost	1,000	1,000
Net cash used in operating activities	<u>(203,951)</u>	<u>(113,074)</u>

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22. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	452,681	524,328
Notice deposits (less than 3 months)	103,970	252,947
Total	<u>556,651</u>	<u>777,275</u>

23. Pension commitments

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

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. 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 £409,000 (2016 - £380,000).

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23. Pension commitments (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £394,000 (2016 - £363,000), of which employer's contributions totalled £309,000 (2016 - £282,000) and employees' contributions totalled £85,000 (2016 - £81,000). The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% 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	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

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

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	5,096,000	5,318,000
Discount rate -0.1%	5,367,000	5,629,000
Mortality assumption - 1 year increase	5,398,000	5,611,000
Mortality assumption - 1 year decrease	5,067,000	5,335,000
CPI rate +0.1%	5,341,000	5,598,000
CPI rate -0.1%	5,122,000	5,348,000

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For the Year Ended 31 August 2017

23. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	1,875,000	1,442,000
Gilts	19,000	19,000
Corporate bonds	257,000	228,000
Property	327,000	299,000
Cash and other liquid assets	85,000	51,000
Absolute return fund	102,000	93,000
	<u>2,665,000</u>	<u>2,132,000</u>
Total market value of assets	<u>2,665,000</u>	<u>2,132,000</u>

The actual return on scheme assets was £382,000 (2016 - £248,000).

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

	2017 £	<i>2016 £</i>
Current service cost	(739,000)	(448,000)
Past service cost	(17,000)	-
Interest income	51,000	69,000
Interest cost	(122,000)	(123,000)
Admin expenses	(1,000)	(1,000)
	<u>(828,000)</u>	<u>(503,000)</u>
Total	<u>(828,000)</u>	<u>(503,000)</u>

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

	2017 £	<i>2016 £</i>
Opening defined benefit obligation	5,471,000	2,737,000
Upon conversion	-	345,000
Current service cost	739,000	448,000
Interest cost	122,000	123,000
Employee contributions	85,000	80,000
Actuarial (gains)/losses	(1,202,000)	1,773,000
Benefits paid	(2,000)	(35,000)
Past service costs	17,000	-
	<u>5,230,000</u>	<u>5,471,000</u>
Closing defined benefit obligation	<u>5,230,000</u>	<u>5,471,000</u>

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23. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,132,000	1,382,000
Upon conversion	-	178,000
Interest income	51,000	69,000
Actuarial losses	91,000	179,000
Employer contributions	309,000	280,000
Employee contributions	85,000	80,000
Benefits paid	(2,000)	(35,000)
Administration expenses	(1,000)	(1,000)
	<u>2,665,000</u>	<u>2,132,000</u>
Closing fair value of scheme assets	<u>2,665,000</u>	<u>2,132,000</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 - land and buildings:		
Within 1 year	5,500	5,500
Between 1 and 5 years	22,000	22,000
After more than 5 years	6,875	12,375
Total	<u>34,375</u>	<u>39,875</u>
Amounts payable - other:		
Within 1 year	16,051	13,277
Between 1 and 5 years	12,594	10,881
Total	<u>28,645</u>	<u>24,158</u>

25. Members' liability

Each member of the academy trust 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.

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26. Related party transactions

Owing to the nature of the academy'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 academy's financial regulations and normal procurement procedures.

Mrs. Mary Fidge, the wife of Mr. Ian Fidge, the Principal and Accounting Officer, is an employee of the trust. During the year she was paid a salary, under an employment contract, for her role. Mr. Ian Fidge had no involvement in the appointment of Mrs. Mary Fidge and the trustees are comfortable that Mrs. Mary Fidge's salary provides value for money and is not at a preferential rate.

During the year, £1,700 (2016: £75) has been paid to Animus Design, a company that Mrs. Dawn Smith's husband is the owner, in respect of website hosting.

During the year, £1,521 (2016: £1,259) has been paid to Swale Community Centres, a charitable company in which Mr. Martin Swainson, a trustee (until 31 March 2017), holds a directorship, in respect of sports hall hire and swimming instruction.

In entering into the transactions, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

27. Controlling party

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