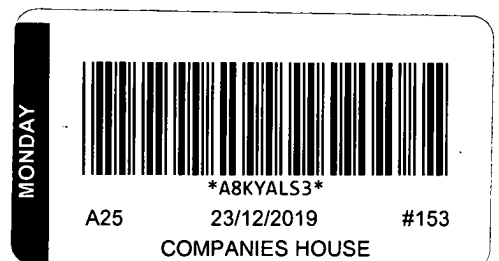


**The Village Academy**  
(A company limited by guarantee)

**Annual Report and Financial Statements**

**For the year ended 31 August 2019**



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**The Village Academy**  
**(A company limited by guarantee)**

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**Reference and administrative detail of the Academy, its trustees and advisers**  
**For the period ended 31 August 2019**

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<b>Members</b>	Bruce McGlashan The Diocese of Canterbury Academies Company Limited (currently represented by Revd. Stephen Lillicrap) Martin Swainson Quentin Roper
<b>Trustees (at date of approval)</b>	Quentin Roper, Chair of Trustees Justin Smith Michael Lea Franz McCoy Chris Monteiro-Sharrat David Whitehead, Accounting Officer from 01/07/2019. Linda Pickles Claire Harris
<b>Company registered number</b>	07738386
<b>Principal and registered office</b>	Lynsted & Norton Primary School Lynsted Lane, Lynsted Kent ME9 0RL
<b>Senior management team (at date of approval)</b>	David Whitehead, Interim CEO from 01/07/2019 Kelly Collens, Assistant Principal Laura Thompson, Assistant Principal – Early Years Simona Uberti Bona Blotto, Chief Financial Officer Nicki Man, Headteacher - Lydd Primary Katherine Baker, Headteacher - Milstead & Frinsted CEP Babiche Deysel, Executive Headteacher - Petham Primary & Dymchurch Primary Madeleine Gower, Headteacher (Seconded) - Selling CEP Mary Haney, Interim Headteacher – Lynsted and Norton Primary School Helen Stevens, Headteacher – Lynsted and Norton Primary School
<b>Independent auditors</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants and Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
<b>Bankers</b>	Lloyds 49 High Street Canterbury Kent. CT1 2SE

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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The Trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year ended 31 August 2019.

**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 in office at the year end 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 6 primary academies in Kent. Its academies have a combined pupil capacity of 1160 and had a roll of 913 in the school census in May 2019.

**Method of recruitment and appointment or election of Trustees**

Trustees are appointed for a four year period, with the exception of the CEO 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.

All levels of governance within the Trust have access to Department for Education training and resources via The Village Academy registration. Further bespoke training is provided by The Village Academy Leadership teams.

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 CEO 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 Trust.

The Senior Leadership Team (SLT) consists of the Interim CEO, two Assistant Principals, one Executive Headteacher and the Chief Financial Officer (CFO). The SLT manages The Village Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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The CEO, Headteachers and CFO are responsible for the authorisation of spending within agreed budgets as identified in the Trust's policy. The CEO, Headteachers and Assistant Principals are responsible for the appointment of staff in line with the scheme of delegation, though appointment panels for teaching and senior leadership posts can 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 CEO and following guidance from the relevant professional pay review bodies. The remuneration of the CEO and of the current Interim CEO was agreed by Trustees upon appointment.

The only staff Trustee is the CEO, who receives remuneration in respect of services provided under his/her contracts of employment or Service Level Agreement, in the case of the Interim CEO. The remuneration is not in respect of their role as Trustees. The specific disclosures concerning Staff Trustees' remuneration is included in note 12.

The day to day running of the remuneration policy is delegated to the CEO 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 bears in mind the charitable status of the academy trust and recognises the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures 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 11(c).

**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 currently no related parties that either control or significantly influence the decisions and operations of The Village Academy. However, following the resignation of Hayley Spedding in June 2019, a partnership agreement between the Village Academy Trust and the Potential in Everyone Academy Trust was established to ensure continuity in the current business and staffing model. For this purpose, a formal Related Party declaration was submitted to the ESFA in the latter part of the 2018/19 academic year. In addition, 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.

Academies within The Village Academy Trust benefit from separate self-administered PTAs, which fundraise for specific academy-based requirements.

**Trade union facility time**

There are no members of staff, either part or full time that are paid for being a Union representative.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The Village Academy strives to provide an engaging and inspirational educational environment where all pupils have access to a curriculum which is unique to their community and pupil needs. The Village Academy will work with each individual school to ensure that every pupil can achieve their potential.

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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The wellbeing and safety of every pupil and member of staff is of paramount importance to the Village Academy. Safeguarding procedures are adhered to through a strong commitment to working with external agencies and engaging support through senior Family Liaison leads across both Trusts. Analysis of staff wellbeing through processes such as a fit for purpose appraisal system and regular surveys is enabling the Trust to develop strategies to retain staff and to be an attractive employer.

It is the Village Academy's aim to work collegiately with colleagues across the Trust, to share good practice and to enable teachers and leaders to develop practice enshrined in quality research to enhance the life chances of every pupil. Through the Trust's commitment to work in a formal partnership with The Potential in Everyone Academy Trust and its engagement in collaborative work with schools and Trusts outside of its immediate environment, it will enable the Trust to increase its capacity for stability and sustainability.

**Objectives, strategies and activities**

The objectives of The Village Academy Trust are to:

- Ensure all academies exceed National Expectations and provide the best all round education they can;
- Increase efficiencies and reduce unnecessary bureaucracy through effective business management;
- Share and promote good practice across the Trust and through wider collaborative Trust alliance; and
- Ensure good value for money in all areas of the Trust.

**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 schools, charities and community organisations to develop community cohesion and broaden the educational experience of every child.

Wherever possible the academy trust 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](http://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. The Trust 3 year Strategic Plan also details the vision of the Trust and can be accessed via the website.

**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 and regularly monitor them:

- Pupil numbers (linking directly to the Education and Skills Funding Agency funding level): pupil vacancy factors for each school are regularly monitored by the Academy Leadership team and strategies are developed to seek capacity.
- Continued financial stability: The Trust Strategic Plan sets out the work to make sure each school and the Trust continues to be financially secure.
- Staff costs as a percentage of grant income.

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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**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 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

The academy 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 £5.6m (2019: £6.5m) and includes capital grant funding of £795k compared to £556k in the prior year. The reduction in recurrent income reflects a partial decline in DfE/ESFA and Other Government Grants since last year as well as the fact that the 2017/18 results still contained 8 months income for Pilgrims' Way before this academy transferred out of the trust on 30 April 2018. Other income from the academy trust's educational operations has remained largely in line with income received in 2017/18.

Total expenditure for the year was approximately £5m, in line with the reduction of income and the re-brokerage of Pilgrims' Way.

The SoFA shows net income for the year of £600k, compared to net expenditure of £3.6m in the prior year which included the £3.3m transfer of Pilgrims' Way.

The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £64k (2018: decrease of £2.99m). It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the trust's academies.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability, revenue to capital transfers and, for the prior year, the transfer out of Pilgrims' Way, the trust's operational surplus on revenue funds for the year was £304k (2018: £deficit of £62k), as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		64	(2,985)
<u>Add:</u>			
Adjustment for the transfer of Pilgrims' Way out of trust		-	3,318
Decrease / (increase) attributable to fixed asset fund	See A	(602)	(251)
LGPS actuarial (gain)/loss	See B	536	(628)
LGPS service and interest costs	See B	290	438
<b>Total movement in year on revenue funds</b>		<b>288</b>	<b>(108)</b>
Revenue to capital transfers		16	46
<b>Operational surplus /(deficit) on revenue funds</b>		<b>304</b>	<b>(62)</b>

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the net book value of fixed assets was £6m and movements in tangible fixed assets are shown in note 15 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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**Financial position**

The academy trust held fund balances at 31 August 2019 of £4.1m (2018: £4.0m). These funds comprised restricted fixed asset funds of £6.2m (2018: £5.6m), restricted revenue funds of £295k (2018: £4k) and unrestricted revenue funds of £289k (2018: £292k).

The pension reserve deficit of £2.7m (2018: £1.9m) is the only fund in deficit. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect for the trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions payable have been fixed until 1 April 2020.

The significant increase in the LGPS liability during 2018-19 relates to a number of issues which are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

**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 determined in 2017/18 that the appropriate level of free reserves should be approximately equivalent to four weeks' Trust expenditure, (£350k in 2017/18, equivalent to £420k in 2018/19).

Total reserves to the end of 2018/19 are higher than target, however, schools are carrying forward a relatively large amount of unspent funds relating to unrestricted ESFA grants. These have been earmarked and there is an expectation that the balance will clear by the end of the next financial year. In addition, historical donations, also ring fenced to receiving schools, mean that the total amount of free unrestricted reserves to the Trust remains approximately in line with the 2017/18 target.

This amount is still deemed sufficient as it provides adequate working capital to cover delays between spending and receipt of grants; it also provides a buffer to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

Due considerations on allocation of funds and reserves is given on an ongoing basis to balance the level of reserves with the educational needs of current pupils.

**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. 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.



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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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**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, wherever possible and in line with cashflow projections, 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.

The major risks faced by the academy trust are as follows:

- *Strategic and Reputational* - This covers risk of uncontrollable events and insufficient demand for academy service, competition from other schools with similar objects and little scope for differentiation.
- *Finance risk* - The risk of the academy not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the trustees are comfortable with the current level of employer contributions the academy is required to pay.
- *Safeguarding and child protection* – The Trustees continue to ensure that the highest standards are maintained in areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety, and discipline.
- *Failures in governance and/or management* – The risk in this area arises from the potential failure to effectively manage the trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- *Staff* – The success of the academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff, recruitment of external good quality staff as well as ensuring there is clear succession planning.

**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.

**Fundraising**

The trust did not engage in any formal professional fundraising activity.

**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.

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**The Village Academy**  
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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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**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 and Strategic 3 Year Plan.

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 2019/20 the Academy will continue to;

- Strengthen the partnership with The Potential in Everyone Academy Trust in order to increase capacity in all areas of the Trust resulting in improved outcomes for all pupils.
- Ensure that the Trust develops a strong culture of collaboration, openness and commitment to professional learning, working with schools and Trusts external to the Village Academy Trust and the Kent MAT Alliance.
- Strengthen autonomy for key leaders in each of the Trust's academies by creating a synergy between the central Trust and all component schools.
- Improve public image of Trust within each school's local community by improving communication via engaging with pupils, parents and local governors in cooperation with each individual school.
- Ensure each school's curriculum is fit for purpose by serving its children with objectives that are used to inform future budget priorities.
- Continue its review of procurement practice to deliver best value and savings through economies of scale and collaboration with other Trusts and stakeholders.

**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 and signed on its behalf by:



Quentin Roper, Chair of Trustees



David Whitehead, Interim CEO and Accounting Officer



Date: 17 December 2019

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**The Village Academy**  
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**Governance Statement**

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**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 CEO and, subsequently, the Interim CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Village Academy and the Secretary of State for Education. The CEO 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 6 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>
Quentin Roper	6	6
Justin Smith	4	6
Michael Lea	5	6
Franz McCoy	4	6
Chris Monteiro-Sharrat	2	3
Hayley Spedding (resigned 30/06/2019)	5	5
Also in attendance:		
Simona Uberti, Chief Financial Officer (appointed January 19)	4	4
David Whitehead, Interim CEO (appointed July 19)		
Mary Haney (upon invitation by the Trustees)	1	1
Clare Saunders (Chair of LGB at Selling Primary School, upon invitation by the Trustees)	1	1
	1	1

The Accounting Officer, Mrs. Hayley Spedding, was appointed as Trustee in August 2018 but left the academy in June 2019. The new Accounting Office, Mr David Whitehead was appointed on 1 July 2019.

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 populate the new board with representations from across the academy group as well as external candidates. Each academy within the Trust, subject to its scheme of delegation, will have a Local Governing Body 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 Governing Body and the Board of Trustees.

**Governance reviews**

Governance reviews take place on an ongoing basis and the Trustees 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 Governing Bodies are specifically responsible for monitoring the standards at each school, and the impact of Pupil Premium and Sports Premium funding on pupil's learning outcomes.

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**

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During the year a further restructure of the Central Services team took place. This led to a number of staff changes, with the aim to improve the financial sustainability of the Trust. Attendance at meetings, including Pay Panel, in the year was as follows:

<u>Trustees</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Quentin Roper, Chair of Trustees	6	6
Justin Smith	4	6
Michael Lea	5	6
Franz McCoy	4	6
Hayley Spedding (resigned 30/06/2019)	5	5

Due to the size of the Board of Trustees in 2018/19 the responsibilities of the Finance/Audit committee have been discharged by the Board in full.

**Review of Value for money**

As Accounting Officer, the CEO 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;
- Agreement for an increase in PAN at an academy to meet local demand; and
- A review of Wrap around care options and pricing.

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 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 procurement procedures in line with the published Finance Policy;
- Improved internal control finance systems and processes to improve financial efficiencies across the Trust.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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**The Village Academy**  
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**Governance Statement**

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**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 2018 to 31 August 2019 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; monthly financial reports to the Chair of Trustees and termly 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;
- review and set KPIs 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 renew the appointment of 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 HR and payroll systems
- testing of purchase and procurement systems
- testing of control account/ bank reconciliations, budgeting and reporting

The internal auditor undertook three visits during the year ended 31 August 2019, in which they carried out checks as detailed above. A number of recommendations around governance and compliance were made and work on its implementation and regular reporting to the internal auditor and board is ongoing.

**Review of Effectiveness**

As Accounting Officer, the CEO 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 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 and signed on their behalf, by:



Quentin Roper, Chair of Trustees



David Whitehead, CEO and Accounting Officer



Date: 17 December 2019

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**The Village Academy**  
**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As accounting officer of The Village Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2018.

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.



David Whitehead  
Accounting Officer

Date: 17 December 2019

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**The Village Academy**  
**(A company limited by guarantee)**

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**Statement of trustees' responsibilities**  
**For the year ended 31 August 2019**

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

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

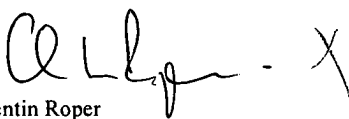
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

  
Quentin Roper  
Chair of Trustees

Date: 17 December 2019

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**The Village Academy**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the financial statements to the Members of The Village Academy**

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**Opinion**

We have audited the financial statements of The Village Academy (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report including the Strategic report for the financial year 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.



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**The Village Academy**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the financial statements to the Members of The Village Academy (continued)**

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

In the light of our knowledge and understanding of the academy trust 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the academy trust 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 trust'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 trust or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



**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: 18 December 2012

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**The Village Academy**  
**(A company limited by guarantee)**

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**Independent Reporting Accountant's Assurance Report on Regularity to The Village Academy and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 11 April 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 2019 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.

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**The Village Academy**  
**(A company limited by guarantee)**

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*UHY Kent LLP*

**UHY Kent LLP**  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: *18 December 2019*

**The Village Academy**  
**(A company limited by guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the year ended 31 August 2019**

		<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Restricted fixed asset funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
	<b>Note</b>					
<b>Income from:</b>						
Donations and capital grants	3	41	-	795	836	556
Charitable activities		81	4,667	-	4,748	5,936
Other trading activities		65	-	-	65	94
Investments	6	1	-	-	1	1
<b>Total income</b>		<b>188</b>	<b>4,667</b>	<b>795</b>	<b>5,650</b>	<b>6,587</b>
<b>Expenditure on:</b>						
Raising funds		12	-	-	12	11
Charitable activities:	8					
Educational operations		175	4,654	209	5,038	6,871
Transfer out of existing academies		-	-	-	-	3,318
<b>Total expenditure</b>		<b>187</b>	<b>4,654</b>	<b>209</b>	<b>5,050</b>	<b>10,200</b>
<b>Net income/(expenditure)</b>		<b>1</b>	<b>13</b>	<b>586</b>	<b>600</b>	<b>(3,613)</b>
Transfers between funds	18	(4)	(12)	16	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(3)</b>	<b>1</b>	<b>602</b>	<b>600</b>	<b>(3,613)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(536)	-	(536)	628
<b>Net movement in funds</b>		<b>(3)</b>	<b>(535)</b>	<b>602</b>	<b>64</b>	<b>(2,985)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		292	(1,894)	5,589	3,987	6,972
Net movement in funds		(3)	(535)	602	64	(2,985)
<b>Total funds carried forward</b>		<b>289</b>	<b>(2,429)</b>	<b>6,191</b>	<b>4,051</b>	<b>3,987</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

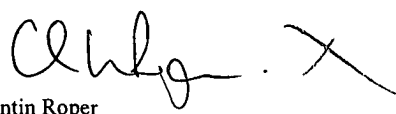
The notes on pages 21 to 45 form part of these financial statements.


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

**Balance sheet**  
**As at 31 August 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	15	6,015	5,502
<b>Current assets</b>			
Debtors	16	329	320
Cash at bank and in hand		1,044	565
		<u>1,373</u>	<u>885</u>
Creditors: amounts falling due within one year	17	(613)	(502)
<b>Net current assets</b>		<u>760</u>	<u>383</u>
<b>Total assets less current liabilities</b>		<u>6,775</u>	<u>5,885</u>
Defined benefit pension scheme liability	24	(2,724)	(1,898)
<b>Total net assets</b>		<u><u>4,051</u></u>	<u><u>3,987</u></u>
<b>Funds of the academy trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	6,191	5,589
Restricted income funds	18	295	4
		<u>6,486</u>	<u>5,593</u>
Restricted funds excluding pension asset	18		
Pension reserve	18	(2,724)	(1,898)
<b>Total restricted funds</b>	18	<u>3,762</u>	<u>3,695</u>
<b>Unrestricted income funds</b>	18	<u>289</u>	<u>292</u>
<b>Total funds</b>		<u><u>4,051</u></u>	<u><u>3,987</u></u>

The financial statements on pages 18 to 45 were approved by the trustees, and authorised for issue on and are signed on their behalf, by:

  
 Quentin Roper  
 Chair of Trustees

  
 David Whitehead  
 Accounting Officer

X

Date: 17 December 2019

The notes on pages 21 to 45 form part of these financial statements.

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**The Village Academy**  
**(A company limited by guarantee)**

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**Statement of cash flows**  
**For the year ended 31 August 2019**

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	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	20	401	(47)
<b>Cash flows from investing activities</b>	21	78	56
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		479	9
Cash and cash equivalents at the beginning of the year		565	557
<b>Cash and cash equivalents at the end of the year</b>	22	<hr/> <hr/> 1,044	<hr/> <hr/> 566

The notes on pages 21 to 45 form part of these financial statements

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**The Village Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**1.2 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 trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Income**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy trust has provided the goods or services.

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**The Village Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**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**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**1.6 Taxation**

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

**1.7 Financial instruments**

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 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 instrument.



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**The Village Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.8 Tangible fixed assets**

Assets costing £2,000 or more and groups of assets costing more than £2,500 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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 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.

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. On the basis that, under the terms of the Supplemental Agreements in place, the trust does not have full rights or control over the buildings then no asset is recognised in the Balance Sheet. .

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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- 2% straight line
Improvements to leasehold	- 10% straight line
Furniture and equipment	- 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.

**1.9 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.

**1.10 Cash at bank and in hand**

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

**1.11 Liabilities**

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

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.12 Operating leases**

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.14 Fund accounting**

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

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

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019. 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.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

**(1) The "McCloud/Sargeant judgement".** This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £75k. This is reflected as a past service cost, within staff costs, and detailed in note 24.

There will also be an increase in the cost of benefits from 1 September 2019.

**(2) Guaranteed Minimum Pension (GMP).** GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

**(3) Discount rates.** There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

**(4) Mortality assumptions.** Details of the changes in mortality assumptions are shown in note 24. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

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**For the year ended 31 August 2019**

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

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	41	-	41	79
Capital grants	-	795	795	477
	<u>41</u>	<u>795</u>	<u>836</u>	<u>556</u>
<i>Analysis of 2018 total by fund</i>	<u>79</u>	<u>477</u>	<u>556</u>	

**4. Funding for the academy trust's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	3,761	3,761	4,650
Other DfE/ESFA grants	-	594	594	783
	<u>-</u>	<u>4,355</u>	<u>4,355</u>	<u>5,433</u>
<b>Other government grants</b>				
Local authority grants	2	92	94	149
SEN funding	-	166	166	203
	<u>2</u>	<u>258</u>	<u>260</u>	<u>352</u>
<b>Other funding</b>				
Educational trips	-	54	54	56
Catering	-	-	-	15
Wrap around care	60	-	60	60
Other	19	-	19	20
	<u>79</u>	<u>54</u>	<u>133</u>	<u>151</u>
	<u>81</u>	<u>4,667</u>	<u>4,748</u>	<u>5,936</u>
<i>Analysis of 2018 total by fund</i>	<u>95</u>	<u>5,841</u>	<u>5,936</u>	

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**Notes to the financial statements**  
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**5. Income from other trading activities**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Hire of facilities	5	-	5	6
Insurance claims	51	-	51	72
Sale of uniform	8	-	8	12
Private nursery fees	-	-	-	1
Staff consultancy	-	-	-	2
Other	1	-	1	1
	<u>65</u>	<u>-</u>	<u>65</u>	<u>94</u>
<i>Analysis of 2018 total by fund</i>	<u>85</u>	<u>9</u>	<u>94</u>	

**6. Investment income**

	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Bank interest	<u>1</u>	<u>1</u>

The total income in 2018 was unrestricted.

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**Notes to the financial statements**  
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**7. Expenditure**

	<b>Staff Costs</b>	<b>Premises</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure on fundraising trading activities:					
Direct costs	-	-	12	12	11
Educational operations:					
Direct costs	2,881	179	434	3,494	4,878
Allocated support costs	921	237	386	1,544	5,311
	<u>3,802</u>	<u>416</u>	<u>832</u>	<u>5,050</u>	<u>10,200</u>
<i>Analysis of 2018 total</i>	<u>5,272</u>	<u>489</u>	<u>4,439</u>	<u>10,200</u>	

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>funds</b>	<b>funds</b>	<b>funds</b>	<b>funds</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Educational operations	<u>175</u>	<u>4,863</u>	<u>5,038</u>	<u>10,189</u>
<i>Analysis of 2018 total by fund</i>	<u>295</u>	<u>9,894</u>	<u>10,189</u>	

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**9. Analysis of expenditure by activities**

	<b>Direct costs</b>	<b>Support costs</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>funds</b>	<b>funds</b>
	<b>£000</b>	<b>£000</b>	<b>2019</b>	<b>2018</b>
			<b>£000</b>	<b>£000</b>
Educational operations	3,494	1,544	5,038	10,189
<i>Analysis of 2018 total</i>	<i>4,878</i>	<i>5,311</i>	<i>10,189</i>	

**Analysis of support costs**

	<b>Total</b>	<b>Total</b>
	<b>funds</b>	<b>funds</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Staff costs	921	1,220
Premises costs	237	292
Technology costs	74	79
Other support costs	289	380
Governance costs	23	22
Transfer out of existing academies	-	3,318
	<b>1,544</b>	<b>5,311</b>

**10. Net income**

Net income for the year includes:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Operating lease rentals	13	21
Depreciation of tangible fixed assets	205	233
Fees paid to auditors for:		
- audit	13	13
- other services	10	6

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**Notes to the financial statements**  
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**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,728	3,721
Social security costs	210	286
Pension costs	760	1,056
	<u>3,698</u>	<u>5,063</u>
Agency staff costs	49	125
Staff restructuring costs	55	84
	<u>3,802</u>	<u>5,272</u>

Staff restructuring costs comprise:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Redundancy payments	53	25
Severance payments	2	59
	<u>55</u>	<u>84</u>

**b. Non-statutory/non-contractual staff severance payments**

The non-statutory/non-contractual severance payment is an individual amount of £2,000.

**c. Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Teachers	49	72
Administration and support	111	147
Management	9	11
	<u>169</u>	<u>230</u>



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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**11. Staff costs (continued)**

**c. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Teachers	42	59
Administration and support	57	79
Management	8	11
	<u>107</u>	<u>149</u>

**d. Higher paid staff**

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	1	-
In the band £90,001 - £100,000	-	1
	<u>-</u>	<u>1</u>

**e. Key management personnel**

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £485,766 (2018 - £523,543).

**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. They only receive remuneration in respect of services they provide undertaking their roles under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

		<b>2019</b>	<i>2018</i>
		<b>£000</b>	<i>£000</i>
Mrs. Hayley Spedding	Remuneration	60 - 65	40 - 45
	Pension contributions paid	opted out	opted out

During the year ended 31 August 2019, no trustee expenses have been incurred (2018 - £104).

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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**13. Central services**

The academy trust 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 academy trust charges for these services on the following basis:

All central service expenditure is recharged to the trust's academies, pro-rated according to the amounts of GAG income received by the academy in the year, together with specific costs as required.

The actual amounts charged during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Dymchurch Primary School	92	88
Lydd Primary School	116	99
Lynsted & Norton Primary School	53	63
Milstead & Frinsted Church of England Primary School	56	47
Petham Primary School	52	49
Pilgrims' Way Primary School	-	123
Selling Church of England Primary School	82	81
<b>Total</b>	<b>451</b>	<b>550</b>

**14. 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 membership.

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

**15. Tangible fixed assets**

	<b>Leasehold property £000</b>	<b>Leasehold improvements £000</b>	<b>Assets under construction £000</b>	<b>Furniture and equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>						
At 1 September 2018	5,228	333	365	108	157	6,191
Additions	-	77	611	15	15	718
Transfers between classes	-	365	(365)	-	-	-
At 31 August 2019	<u>5,228</u>	<u>775</u>	<u>611</u>	<u>123</u>	<u>172</u>	<u>6,909</u>
<b>Depreciation</b>						
At 1 September 2018	433	89	-	44	123	689
Charge for the year	105	74	-	10	16	205
At 31 August 2019	<u>538</u>	<u>163</u>	<u>-</u>	<u>54</u>	<u>139</u>	<u>894</u>
<b>Net book value</b>						
At 31 August 2019	<u>4,690</u>	<u>612</u>	<u>611</u>	<u>69</u>	<u>33</u>	<u>6,015</u>
At 31 August 2018	<u>4,795</u>	<u>244</u>	<u>365</u>	<u>64</u>	<u>34</u>	<u>5,502</u>

**16. Debtors**

	<b>2019 £000</b>	<b>2018 £000</b>
Trade debtors	2	1
Other debtors	81	67
Prepayments and accrued income	246	252
	<u>329</u>	<u>320</u>

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Trade creditors	115	<i>117</i>
Other creditors	24	<i>1</i>
Accruals and deferred income	474	<i>384</i>
	<u>613</u>	<u><i>502</i></u>
	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Deferred income at 1 September 2018	84	<i>152</i>
Resources deferred during the year	86	<i>84</i>
Amounts released from previous periods	(84)	<i>(152)</i>
	<u>86</u>	<u><i>84</i></u>

At the balance sheet date, the academy trust was holding funds received in advance of the 2019/20 academic year for ESFA UIFSM and rates relief funding.

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**Notes to the financial statements**  
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**18. Statement of funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General funds	292	188	(187)	(4)	-	289
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(50)	3,761	(3,505)	-	-	206
Other DfE/ESFA grants	54	594	(547)	(12)	-	89
Other government grants	-	258	(258)	-	-	-
Other restricted funds	-	54	(54)	-	-	-
Pension reserve	(1,898)	-	(290)	-	(536)	(2,724)
	<u>(1,894)</u>	<u>4,667</u>	<u>(4,654)</u>	<u>(12)</u>	<u>(536)</u>	<u>(2,429)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	5,502	-	(205)	718	-	6,015
DfE/ESFA capital grants	87	795	(4)	(702)	-	176
	<u>5,589</u>	<u>795</u>	<u>(209)</u>	<u>16</u>	<u>-</u>	<u>6,191</u>
<b>Total Restricted funds</b>	<u>3,695</u>	<u>5,462</u>	<u>(4,863)</u>	<u>4</u>	<u>(536)</u>	<u>3,762</u>
<b>Total funds</b>	<u>3,987</u>	<u>5,650</u>	<u>(5,050)</u>	<u>-</u>	<u>(536)</u>	<u>4,051</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 included Pupil Premium and Universal Infant Free School Meals funding.

The other government grants fund is used to track grants provided by other government departments, including local authorities.

The other restricted fund relates to school trip income and expenditure.

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

The restricted fixed asset fund is 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.

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**Notes to the financial statements**  
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**18. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Dymchurch Primary School	131	49
Lydd Primary School	88	-
Lynsted & Norton Primary School	89	43
Milstead & Frinsted Church of England Primary School	136	85
Petham Primary School	90	74
Selling Church of England Primary School	159	139
Central trust function	(109)	(94)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	584	296
Restricted fixed asset fund	6,191	5,589
Pension reserve	(2,724)	(1,898)
	<hr/>	<hr/>
<b>Total</b>	<b>4,051</b>	<b>3,987</b>
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	<b>Deficit</b>
	<b>£000</b>
Central trust function	(109)
	<hr/> <hr/>

The central trust function has been in deficit since 2016/17, however the deficit increased significantly in 2017/18 as a result of the rebrokerage of Pilgrims' Way academy away from the trust. This rebrokerage resulted in significant additional costs due to the need to restructure the central team which had been based at Pilgrims' Way, and also to take into account the reduction in top slice payments received post rebrokerage and in future years.

The planned restructure for 2018/19 was completed in August 2019. Redundancy and pension liability costs, largely compensated by in-year savings, have resulted in a further deficit of £15k. Operational and strategic plans for 2019/20, at budgeting stage, have allowed for a gradual reduction of the carried forward deficit over the next three years, funded by fair and realistic top slice contributions as well as staff related savings.

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**Notes to the financial statements**  
**For the year ended 31 August 2019**

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

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Dymchurch Primary School	526	100	71	119	816	904
Lydd Primary School	798	123	55	116	1,092	1,084
Lynsted & Norton Primary School	309	50	37	61	457	601
Milstead & Frinsted Church of England Primary School	348	48	44	58	498	484
Petham Primary School	282	79	48	78	487	526
Pilgrims' Way Primary School	-	-	-	-	-	1,147
Selling Church of England Primary School	468	96	85	84	733	834
Central trust function	221	135	-	116	472	631
Central trust function (LGPS)	-	290	-	-	290	438
Transfer out of existing academies	-	-	-	-	-	3,318
<b>Academy trust</b>	<b>2,952</b>	<b>921</b>	<b>340</b>	<b>632</b>	<b>4,845</b>	<b>9,967</b>

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

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
<b>Unrestricted funds</b>						
General funds	336	260	(146)	(158)	-	292
Transfer out of existing academies	-	-	(83)	83	-	-
	<u>336</u>	<u>260</u>	<u>(229)</u>	<u>(75)</u>	<u>-</u>	<u>292</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	81	4,650	(4,883)	102	-	(50)
Other DfE/ESFA grants	-	792	(734)	(4)	-	54
Other government grants	-	352	(352)	-	-	-
Other restricted funds	-	56	(56)	-	-	-
Transfer out of existing academies	-	-	546	(546)	-	-
Pension reserve	(2,565)	-	(438)	477	628	(1,898)
	<u>(2,484)</u>	<u>5,850</u>	<u>(5,917)</u>	<u>29</u>	<u>628</u>	<u>(1,894)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	9,120	-	(233)	(3,384)	-	5,503
DfE/ESFA capital grants	-	477	(39)	(352)	-	86
Transfer out of existing academies	-	-	(3,782)	3,782	-	-
	<u>9,120</u>	<u>477</u>	<u>(4,054)</u>	<u>46</u>	<u>-</u>	<u>5,589</u>
<b>Total Restricted funds</b>	<u>6,636</u>	<u>6,327</u>	<u>(9,971)</u>	<u>75</u>	<u>628</u>	<u>3,695</u>
<b>Total funds</b>	<u>6,972</u>	<u>6,587</u>	<u>(10,200)</u>	<u>-</u>	<u>628</u>	<u>3,987</u>



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

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Restricted fixed asset funds 2019 £000</b>	<b>Total funds 2019 £000</b>
Tangible fixed assets	-	-	6,015	6,015
Current assets	289	908	176	1,373
Creditors due within one year	-	(613)	-	(613)
Provisions for liabilities and charges	-	(2,724)	-	(2,724)
<b>Total</b>	<b>289</b>	<b>(2,429)</b>	<b>6,191</b>	<b>4,051</b>

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	5,502	5,502
Current assets	292	506	87	885
Creditors due within one year	-	(502)	-	(502)
Provisions for liabilities and charges	-	(1,898)	-	(1,898)
<b>Total</b>	<b>292</b>	<b>(1,894)</b>	<b>5,589</b>	<b>3,987</b>

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**20. Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Net income/(expenditure) for the year (as per Statement of financial activities)	600	(3,613)
<b>Adjustments for:</b>		
Depreciation	205	233
Capital grants from DfE and other capital income	(795)	(477)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	242	379
Defined benefit pension scheme finance cost	48	59
Increase in debtors	(9)	(146)
Increase in creditors	111	201
Transfer of existing academy out of trust	-	3,318
<b>Net cash provided by/(used in) operating activities</b>	<b>401</b>	<b>(47)</b>

**21. Cash flows from investing activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(718)	(398)
Capital grants from DfE Group	795	477
Transfer of existing academy out of trust	-	(24)
<b>Net cash provided by investing activities</b>	<b>78</b>	<b>56</b>

**22. Analysis of cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Cash in hand	939	461
Notice deposits (less than 3 months)	105	105
<b>Total cash and cash equivalents</b>	<b>1,044</b>	<b>566</b>

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**Notes to the financial statements**  
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**23. Capital commitments**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	429	-

The capital commitments are for fire safety improvements at four of the trust's academies. The works are expected to be completed in October 2019.

**24. Pension commitments**

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

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

**Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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**24. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £262,000 (2018 - £363,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £247,000 (2018 - £427,000), of which employer's contributions totalled £193,000 (2018 - £334,000) and employees' contributions totalled £54,000 (2018 - £93,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5 to 12.5 per cent for employees.

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

**Principal actuarial assumptions**

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.65
Inflation assumption (CPI)	2.20	2.30

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**24. Pension commitments (continued)**

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

	<b>2019</b> <b>Years</b>	<b>2018</b> <b>Years</b>
<b>Retiring today</b>		
Males	22.1	23.1
Females	24.0	25.2
<b>Retiring in 20 years</b>		
Males	23.7	25.3
Females	25.8	27.5

**Sensitivity analysis**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Discount rate +0.1%	(149)	(118)
Discount rate -0.1%	153	122
Mortality assumption - 1 year increase	196	150
Mortality assumption - 1 year decrease	(189)	(146)
CPI rate +0.1%	134	107
CPI rate -0.1%	(131)	(104)

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

	<b>At 31 August</b> <b>2019</b> <b>£000</b>	<b>At 31 August</b> <b>2018</b> <b>£000</b>
Equities	2,098	1,864
Gilts	22	21
Corporate bonds	278	243
Property	359	338
Cash and other liquid assets	82	84
Investment funds	239	185
<b>Total market value of assets</b>	<b>3,078</b>	<b>2,735</b>

The actual return on scheme assets was £127,000 (2018 - £122,000).

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**24. Pension commitments (continued)**

The amounts recognised in the Statement of financial activities are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Current service cost	(359)	(712)
Past service cost	(75)	-
Interest income	75	70
Interest cost	(123)	(129)
Administrative expenses	(1)	(1)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(483)</b>	<b>(772)</b>

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>4,633</b>	<b>5,230</b>
Transferred out on existing academies leaving the trust	-	(925)
Current service cost	359	712
Past service costs	75	-
Interest cost	123	129
Employee contributions	54	93
Actuarial losses/(gains)	588	(576)
Benefits paid	(30)	(30)
<b>At 31 August</b>	<b>5,802</b>	<b>4,633</b>

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>2,735</b>	<b>2,665</b>
Transferred out on existing academies leaving the trust	-	(448)
Interest income	75	70
Actuarial gains	52	52
Employer contributions	193	334
Employee contributions	54	93
Benefits paid	(30)	(30)
Administration expenses	(1)	(1)
<b>At 31 August</b>	<b>3,078</b>	<b>2,735</b>

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**25. Operating lease commitments**

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	7	11
Later than 1 year and not later than 5 years	3	6
	<u>10</u>	<u>17</u>

**26. Members' liability**

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

**27. Related party transactions**

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

The following related party transactions have taken place during the year:

**Expenditure Related Party Transactions**

Since Ms. Spedding resigned as CEO and Accounting Officer on 30 June 2019 the trust has been supported by another local multi-academy trust, Potential in Everyone Academy Trust (company no. 10842747) ("PiEAT"). Mr. D. Whitehead, the Accounting Officer and a trustee of PiEAT, has acted as The Village Academy's interim CEO from 1 July 2019. As a result of holding this position Mr. D. Whitehead has also been The Village Academy's Accounting Officer since 1 July 2019. The two trusts have been deemed to be related parties since 1 July 2019 due to having the same Accounting Officer.

The Village Academy has a service level agreement with PiEAT which includes the provision of Mr. D. Whitehead's services together with other educational support and clerking. During the year ended 31 August 2019 a total of £11,048 was paid to PiEAT. At 31 August 2019 of this total £2,500 remained outstanding and was owed to PiEAT.

**28. 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.