

Registrar

Company Registration Number: 07738386 (United Kingdom)

The Village Academy
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2018



The Village Academy
(A company limited by guarantee)

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Reference and administrative details of the Academy, its trustees and advisers
For the period ended 31 August 2018

Members	Mr. Bruce McGlashan Revd. Stephen Lillicrap Mr. Martin Swainson Mr Quentin Roper (ex officio as Chair of Trustees) (appointed 27 April 2018)
Trustees (at date of approval)	Mr Quentin Roper, Chair of Trustees (appointed 27 April 2018) Mr Justin Smith (appointed 11 July 2018) Mr Michael Lea (appointed 11 July 2018) Mr Franz McCoy (appointed 11 July 2018) Mrs Hayley Spedding, Accounting Officer from 1 April 2018, appointed CEO and trustee on 1 August 2018
Company registered number	07738386
Principal and registered office	Lynsted & Norton Primary School Lynsted Lane, Lynsted Kent ME9 0RL
Senior management team (at date of approval)	Hayley Spedding, CEO Kelly Collens, Assistant Principal Mary Haney, Assistant Principal Laura Thompson, Assistant Principal – Early Years Nicki Man, Headteacher - Lydd Primary Katherine Baker, Headteacher - Milstead & Frinsted CEP Babiche Deysel, Executive Headteacher - Petham Primary & Dymchurch Primary Kristina Dyer, Executive Headteacher - Selling CEP & Lynsted & Norton Helen Stevens, Headteacher (Seconded) – Milstead & Frinsted CEP
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants and Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
Bankers	Lloyds 49 High Street Canterbury Kent. CT1 2SE

The Village Academy
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Trustees' Report
For the Year Ended 31 August 2018

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 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee 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. There have been a number of changes to the board during the year as explained in the Governance Statement on page 10. The following other Trustees served during the year:

Mrs. Petra Bensted (resigned 21 July 2018)
Mrs. Damaris Gardiner (resigned 21 July 2018)
Mr. Ian Fidge, Principal and Accounting Officer (until resignation on 31 March 2018)
Mrs. Emma Campbell (resigned 26 March 2018)
Mrs. Carrie Gilbody (resigned 20 July 2018)
Mrs. Dawn Smith (resigned 26 March 2018)
Miss. Samantha Rintoul (resigned 5 January 2018)
Mrs. Temi Bufford (resigned 20 July 2018)
Miss. Helen Stevens, (Co-opted Trustee) (appointed 5 September 2017)(resigned 15 January 2018)

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 962 in the school census in May 2018.

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.

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Trustees' Report

For the Year Ended 31 August 2018

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 CEO, Assistant Principals, one Executive Headteacher and the Chief Financial Officer (CFO). The SLT manage The Village Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

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 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 was agreed by Trustees upon appointment.

Only staff Trustees, including the CEO, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as Trustees. There is now only one staff Trustee, the CEO. 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 bear in mind the charitable status of the academy trust and recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

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

Risk management

The Trustees have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks and the business continuity plans for each academy are in place and regularly reviewed

Connected organisations, including related party relationships

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

Academies within The Village Academy Trust benefit from a separate self-administered PTA, who 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.

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Trustees' Report
For the Year Ended 31 August 2018

OBJECTIVES AND ACTIVITIES

Objects and aims

The purpose of The Village Academy is to provide an exciting educational environment where all pupils have access to a broad curriculum; enabling them to achieve their potential in a Trust where all are working together to provide the best education for every pupil.

The goal of The Village Academy is to provide the best quality of education to all children in all academies within the Trust. We value the individuality of the academies and respect the traditions, both Christian and community, that they represent while promoting the ethos of 'One Whole Trust Together'.

The academies support each other to:

- Improve the quality of teaching;
- Improve the quality of leadership;
- Improve the breadth of curriculum experience; and
- Enable all children to achieve their potential.

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

We celebrate that which makes us different, as academies while working together as one whole Trust.

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

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

STRATEGIC REPORT

Achievements and performance

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

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

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Key financial performance indicators

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

- Pupils numbers (linking directly to the Education and Skills Funding Agency funding level):

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.

This has been successfully met.

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 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

The Trust also receives grants for fixed assets from the ESFA, which are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Total incoming resources for the year were £6.5m (2017: £6.7m) and includes capital grant funding of £556k compared to just £41k in the prior year. The additional capital income received during 2017/18 therefore masks an underlying reduction in recurrent income; note 3 shows declines in DfE/ESFA and Other Government Grants and, combined, these have fallen by £410k since last year. Part of this is because of the 2017/18 results contain only 8 months income for Pilgrims' Way before this academy transferred out of the trust on 30 April 2018 (see note 27). Other income from the academy trust's educational operations has also reduced because of exceptionally high trip income during 2016/17.

Total expenditure for the year was £10.2m however this includes the value of assets and liabilities transferred out of the trust when Pilgrims' Way was re-brokered.

It is important to note that this total expenditure also includes two large non-cash charges:

- Expenditure on restricted funds on the SoFA includes £438k (2017: £519k) in respect of non-cash pension charges which form part of the overall movement in the Local Government Pension Scheme ("LGPS") liabilities during the year. These charges are required to be accounted for as a cost for the year despite being outside of the trust's control, and being part of the actuary's highly subjective valuation of the LGPS.

For clarity the LGPS references relate to non-teaching staff members. The trust makes contributions to the LGPS on behalf of these staff, and in the LGPS the assets and liabilities held within the scheme are subject to a full triennial actuarial valuation and are attributable to individual employers. The trust's balance sheet contains the trust's share of the net pension scheme deficit, and this is updated annually.
- Expenditure charged against the fixed asset fund includes depreciation charges of £234k (2017: £320k). The depreciation largely relates to the academies' buildings as these are written off over a period of time.

As a result of the Pilgrims' Way transfer and these non-cash charges explained above the SoFA reports an overall net expenditure figure of £3.61m (2017: £977k). Following a large actuarial gain of £628k (2017: £1.29m) there is an overall reduction in funds of £2.98m (2017: increase in funds of £316k).

At 31 August 2018 the trust therefore held total funds of £3.99m. These include operational revenue funds of £296k (2017: £417k) split between restricted funds and unrestricted funds as shown on the Balance Sheet. The reduction in revenue funds takes into account funds of £13k that transferred out with Pilgrims' Way. The in-year revenue outturn for 2017-18 (which does not appear on the SoFA due to the impact of all the other elements) was a deficit of £108k and this did include a revenue to capital contribution of £46k to fund fixed asset purchases. This is an improvement on the in-year deficit of £240k in 2016/17.

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The overall reduction in the LGPS deficit carried on the Balance Sheet takes into account a proportion of the deficit relating to Pilgrims' Way which transferred out, and at 31 August 2018 the pension reserve stood at £1.9m (2017: £2.6m). The pension reserve is the only fund in deficit and its existence does not mean an immediate liability will become payable, nor does it have a direct impact on the employer contribution rate paid, which is determined using longer-term funding assumptions. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

The trust's final fund is the restricted fixed asset fund. At 31 August 2018 this stood at £5.6m and represented the net book value of capitalised assets held on the Balance Sheet as tangible fixed assets, plus some unspent capital funding of £86k. Full details and movement in tangible fixed assets are shown in note 14 to the financial statements. The reduction in this fund during the year is largely because £3.7m of leasehold property has been transferred out with Pilgrims' Way.

Reserves policy

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

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

The Trustees have determined that the appropriate level of free reserves should be approximately equivalent to four weeks' expenditure, currently around £350k across the trust.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Village Academy's current level of reserves (total funds less the amount held in fixed assets and pension deficit) is £296k and so sits short of the desired level. As noted in the financial review and position section, although there was an in-year deficit during 2017/18 this was considerably lower than the deficit in the previous year, and continued management action is being taken to return reserves to the preferred level as soon as possible, whilst balancing this 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. With interest rates currently low, the Trustees continue to consider actions to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.
- *Credit risk* - this arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment policy

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

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

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

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Trustees' Report
For the Year Ended 31 August 2018

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 does not engage in any formal professional fundraising activities.

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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Trustees' Report
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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 2018/19 the Academy will continue to;

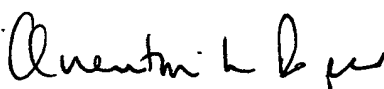
- Make good provision for personalised learning, support and intervention programmes for individual pupils.
- Ensure the pursuit of excellence through its strong culture of collaboration, openness and commitment to professional learning.
- Share best practice within and across schools, which is a key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

AUDITOR

In so far as the Trustees are aware:

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

Approved by order of the board of Trustees on *21st December* and signed on its behalf by:
2018



Mr Quentin Roper, Chair of Trustees



Hayley Spedding, CEO and Accounting Officer

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Governance Statement

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Village Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

<u>Trustees</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. Petra Bensted	5	5
Mrs. Damaris Gardiner	5	5
Mr. Ian Fidge	1	4
Mrs. Emma Campbell	2	4
Mrs. Carrie Gilbody	3	5
Mrs. Dawn Smith	4	5
Mr Quentin Roper	1	1
Mrs. Temi Bufford	4	5
Miss. Samantha Rintoul	1	2
Miss. Helen Stevens	2	2
Mrs Hayley Spedding	3	4

There have been a number of changes to the board of trustees during the year. Only trustees in office at the date of approval of the financial statements are listed on page 1; all other trustees in office for part of the year are shown on page 2. The last members of the old trust board resigned in July 2018 and were replaced by three new trustees alongside the new Chair, Mr. Quentin Roper. The new Accounting Officer, Mrs. Hayley Spedding, was appointed as the fifth trustee in August 2018.

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 academy council that will report to the board of Trustees on local matters and will ensure appropriate stakeholder representation.

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

Governance reviews

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

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

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

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

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

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Governance Statement

During the year a restructure of the Central services team took place which led to a number of staff changes. A further restructure is planned in the forthcoming year 2018/19. It is anticipated this work will increase the effectiveness of business management across the Trust from school to central and 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>
Mrs. Carrie Gilbody	4	4
Mr. Ian Fidge	1	1
Mrs. Hayley Spedding	0	1
Mrs. Dawn Smith	2	3
Miss. Samantha Rintoul	1	2
Mr. Quentin Roper	1	1
Mrs. Petra Bensted	1	1
Mrs. Damaris Gardiner	2	2
Mrs. Temi Bufford	0	1

Also in attendance:

Mrs. Carina Gilbert, Chief Financial Officer	3	3
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The functions of an audit committee are fulfilled within the Finance, Audit and Compliance committee.

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
- Wrap around care options.

Procurement and cost savings

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

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

Examples of steps taken to ensure value for money include:

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

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Governance Statement

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the Finance, Audit and Compliance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

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

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

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

The internal auditor undertook three visits during the year ended 31 August 2018, in which they carried out checks as detailed above. As well as adhering to the plan above, they also undertook a specific programme of work around governance and compliance. Although no significant weaknesses in the internal control system were identified, a number of recommendations were made and appropriate persons have been assigned to address these recommendations and report back to the internal auditor and board. These recommendations will be followed up during the year ended 31 August 2019 and a report will be made to the board of Trustees to confirm they have been addressed appropriately.

Review of Effectiveness

As Accounting Officer, the 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 Village Academy
(A company limited by guarantee)

Governance Statement

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 on 21/12/2018 and signed on their behalf, by:



Mr Quentin Roper, Chair of Trustees



Hayley Spedding, CEO and Accounting Officer

The Village Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Village Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Mrs. Hayley Spedding
Principal and Accounting Officer

Date: 21/12/2018

The Village Academy
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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:

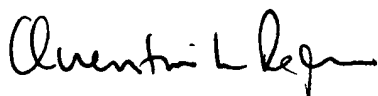
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 and signed on its behalf by:



Mr. Quentin Roper
Chair of Trustees

Date: 21st December 2018

The Village Academy
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of The Village Academy (the 'multi-academy trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the multi-academy trust's affairs as at 31 August 2018 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 2017 to 2018 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 multi-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 multi-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. 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.

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the multi-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 Statement of trustees' responsibilities, the trustees (who are also the directors of the multi-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 multi-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 multi-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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the multi-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 multi-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 multi-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: 21 December 2019

The Village Academy
(A company limited by guarantee)

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

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 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Village Academy's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the multi-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 2018 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

The Village Academy
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Kent LLP

Reporting Accountants
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 21 December 2018

The Village Academy
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted funds - fixed assets 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	78,909	-	477,460	556,369	107,892
Charitable activities	3	158,332	5,849,677	-	6,008,009	6,576,766
Other trading activities	4	22,070	-	-	22,070	43,778
Investments	5	876	-	-	876	1,438
Total income		260,187	5,849,677	477,460	6,587,324	6,729,874
Expenditure on:						
Raising funds	4	10,764	-	-	10,764	19,664
Charitable activities:						
Educational operations		134,927	6,463,457	272,190	6,870,574	7,687,243
Transfer out of existing academies	27	82,659	(546,336)	3,782,137	3,318,460	-
Total expenditure	6	228,350	5,917,121	4,054,327	10,199,798	7,706,907
Net income / (expenditure) before transfers		31,837	(67,444)	(3,576,867)	(3,612,474)	(977,033)
Transfers between Funds	18	(75,489)	29,706	45,783	-	-
Net expenditure before other recognised gains and losses		(43,652)	(37,738)	(3,531,084)	(3,612,474)	(977,033)
Actuarial gains on defined benefit pension schemes	22	-	628,000	-	628,000	1,293,000
Net movement in funds		(43,652)	590,262	(3,531,084)	(2,984,474)	315,967
Reconciliation of funds:						
Total funds brought forward		335,784	(2,484,026)	9,119,910	6,971,668	6,655,701
Total funds carried forward		292,132	(1,893,764)	5,588,826	3,987,194	6,971,668

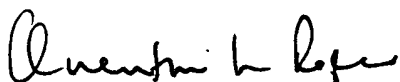
The notes on pages 22 to 43 form part of these financial statements.

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

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		5,502,266		9,119,910
Current assets					
Debtors	15	319,764		214,883	
Cash at bank and in hand		565,636		556,651	
		<u>885,400</u>		<u>771,534</u>	
Creditors: amounts falling due within one year	16	<u>(502,472)</u>		<u>(337,061)</u>	
Net current assets			382,928		434,473
Total assets less current liabilities			<u>5,885,194</u>		<u>9,554,383</u>
Creditors: amounts falling due after more than one year	17		-		(17,715)
Net assets excluding pension scheme liabilities			5,885,194		9,536,668
Defined benefit pension scheme liability	22		<u>(1,898,000)</u>		<u>(2,565,000)</u>
Net assets including pension scheme liabilities			<u>3,987,194</u>		<u>6,971,668</u>
Funds of the academy					
Restricted funds :					
Restricted income funds	18	4,236		80,974	
Restricted funds - fixed assets	18	5,588,826		9,119,910	
		<u>5,593,062</u>		<u>9,200,884</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(1,898,000)</u>		<u>(2,565,000)</u>	
Total restricted funds			3,695,062		6,635,884
Unrestricted income funds	18		<u>292,132</u>		<u>335,784</u>
Total funds			<u>3,987,194</u>		<u>6,971,668</u>

The financial statements on pages 19 to 43 were approved by the trustees, and authorised for issue, on *21st December 2018* and are signed on their behalf, by:



Mr. Quentin Roper
Chair of Trustees

The notes on pages 22 to 43 form part of these financial statements.

The Village Academy
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	20	(46,648)	(203,951)
Cash flows from investing activities:			
Dividends, interest and rents from investments		876	1,438
Purchase of tangible fixed assets		(397,984)	(59,598)
Capital grants from DfE Group		477,460	41,487
Cash transferred out with leaving academy		(24,719)	-
Net cash provided by/(used in) investing activities		55,633	(16,673)
Change in cash and cash equivalents in the year		8,985	(220,624)
Cash and cash equivalents brought forward		556,651	777,275
Cash and cash equivalents carried forward	21	565,636	556,651

The notes on pages 22 to 43 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Village Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

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

1.3 Income

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

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2018

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

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

1.5 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the multi-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

1.6 Tangible fixed assets and depreciation

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

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

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

Two of the trust's academies are church schools. The buildings of Milstead & Frinsted Church of England Primary School and Selling Church of England Primary School are occupied on a rolling Church Supplemental Agreement with the Diocese of Canterbury, the freehold owners. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

The Village Academy
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Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

Leasehold property	-	125 year lease term
Improvements to leasehold	-	10% straight line
Furniture and fixtures	-	10% straight line
Computer equipment	-	25% straight line

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

1.7 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the multi-academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.8 Taxation

The multi-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 multi-academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.9 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi-academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2018. 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.

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2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted funds - fixed assets 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	78,909	-	-	78,909	66,405
Capital grants	-	-	477,460	477,460	41,487
	<u>78,909</u>	<u>-</u>	<u>477,460</u>	<u>556,369</u>	<u>107,892</u>
<i>Analysis of 2017 total by fund</i>	<u>66,405</u>	<u>-</u>	<u>41,487</u>	<u>107,892</u>	

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,650,221	4,650,221	4,760,000
Other DfE/EFA grants	-	782,804	782,804	754,269
	<u>-</u>	<u>5,433,025</u>	<u>5,433,025</u>	<u>5,514,269</u>
Other government grants				
Local authority grants	-	148,802	148,802	313,341
SEN funding	-	203,399	203,399	367,654
	<u>-</u>	<u>352,201</u>	<u>352,201</u>	<u>680,995</u>
Other income from the academy trust's educational operations				
Educational trips	-	55,825	55,825	190,530
Catering income	14,671	-	14,671	20,979
Childcare income	60,463	-	60,463	65,032
Absence insurance claims	63,234	-	63,234	68,788
Other insurance claims	-	8,626	8,626	14,176
Other income	19,964	-	19,964	21,997
	<u>158,332</u>	<u>64,451</u>	<u>222,783</u>	<u>381,502</u>
	<u>158,332</u>	<u>5,849,677</u>	<u>6,008,009</u>	<u>6,576,766</u>
<i>Analysis of 2017 total by fund</i>	<u>176,796</u>	<u>6,399,970</u>	<u>6,576,766</u>	

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Notes to the Financial Statements
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4. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Hire of facilities	5,738	-	5,738	8,166
Private nursery fees	1,233	-	1,233	21,067
Staff consultancy	2,389	-	2,389	489
Sale of uniform	11,853	-	11,853	14,056
Income from other sources	857	-	857	-
	<u>22,070</u>	<u>-</u>	<u>22,070</u>	<u>43,778</u>
Fundraising trading expenses				
Purchase of uniform	8,488	-	8,488	19,664
Other fundraising expenditure	2,276	-	2,276	-
	<u>10,764</u>	<u>-</u>	<u>10,764</u>	<u>19,664</u>
Net income from trading activities	<u>11,306</u>	<u>-</u>	<u>11,306</u>	<u>24,114</u>

In 2017, the total trading activities income and expenditure was to unrestricted funds.

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	876	-	876	1,438
	<u>876</u>	<u>-</u>	<u>876</u>	<u>1,438</u>
<i>Analysis of 2017 total by fund</i>	<u>1,438</u>	<u>-</u>	<u>1,438</u>	

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Notes to the Financial Statements
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6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total</i> <i>2017</i> £
Expenditure on fundraising trading					
Direct costs	-	-	10,764	10,764	19,664
Support costs	-	-	-	-	-
Educational operations:					
Direct costs	4,051,632	233,489	593,228	4,878,349	5,467,768
Support costs	1,220,326	316,514	3,773,845	5,310,685	2,219,475
	<u>5,271,958</u>	<u>550,003</u>	<u>4,377,837</u>	<u>10,199,798</u>	<u>7,706,907</u>
<i>Analysis of 2017 total</i>	<u>5,884,826</u>	<u>607,955</u>	<u>1,214,126</u>	<u>7,706,907</u>	

7. Analysis of expenditure by activities

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	<i>Total</i> <i>2017</i> £
Academy trust educational operations	4,878,349	5,310,685	10,189,034	7,687,243
<i>Analysis of 2017 total</i>	<u>5,467,768</u>	<u>2,219,475</u>	<u>7,687,243</u>	

Analysis of direct costs

	Total 2018 £	<i>Total</i> <i>2017</i> £
Educational supplies	119,049	129,213
Staff related expenditure	36,851	24,699
Staff development	46,290	39,431
Educational consultancy	159,424	157,547
Other direct costs	134,741	242,446
Technology costs	43,503	53,586
Insurance	53,370	52,290
Wages and salaries	3,287,931	3,632,221
National insurance	257,092	284,243
Pension cost	506,609	580,588
Depreciation	233,489	271,504
	<u>4,878,349</u>	<u>5,467,768</u>
<i>At 31 August 2017</i>	<u>5,467,768</u>	

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Notes to the Financial Statements
For the Year Ended 31 August 2018

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total 2018 £	<i>Total 2017 £</i>
Staff costs	1,220,326	1,387,774
Technology costs	78,935	72,632
Maintenance of premises and equipment	104,525	161,830
Cleaning	51,221	53,822
Rates	48,994	66,836
Energy	82,505	76,600
Insurance	24,873	24,268
Security and transport	4,396	4,363
Catering	177,728	205,225
Non-educational professional services	125,923	83,819
Other support costs	51,188	60,568
Governance costs	21,611	21,738
Transfer out of existing academies (see note 27)	3,318,460	-
	<u>5,310,685</u>	<u>2,219,475</u>
<i>At 31 August 2017</i>	<u>2,219,475</u>	

8. Net income/(expenditure)

This is stated after charging:

	2018 £	<i>2017 £</i>
Depreciation of tangible fixed assets:		
- owned by the multi-academy trust	233,489	271,504
Operating lease rentals	<u>20,861</u>	<u>25,023</u>

9. Auditors' remuneration

	2018 £	<i>2017 £</i>
Audit of the multi-academy trust's annual accounts	13,300	12,930
Fees payable to the multi-academy trust's auditor and its associates in respect of:		
All other non-audit services	<u>6,470</u>	<u>7,180</u>

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Notes to the Financial Statements
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10. Staff

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	3,720,770	4,096,285
Social security costs	286,329	313,320
Pension costs	1,055,899	1,225,882
	<u>5,062,998</u>	<u>5,635,487</u>
Agency staff costs	124,748	174,183
Staff restructuring costs	84,212	75,156
	<u><u>5,271,958</u></u>	<u><u>5,884,826</u></u>

Staff restructuring costs comprise:

	2018	2017
	£	£
Redundancy payments	24,912	23,626
Severance payments	59,300	51,530
	<u>84,212</u>	<u>75,156</u>

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

The severance payments include individual non-statutory/non-contractual amounts of £45,000 (March 2018), £10,000 (September 2017), £2,300 (December 2017) and £2,000 (April 2018).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	72	83
Administration and support	147	173
Management	11	12
	<u>230</u>	<u>268</u>

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	59	65
Administration and support	79	87
Management	11	10
	<u>149</u>	<u>162</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

10. Staff costs (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £ 70,001 - £ 80,000	0	1
In the band £ 90,001 - £ 100,000	1	0

The above employee participated in the Teachers' Pension Scheme. Pension contributions staff amounted to £7,533 (2017: £12,815).

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 £346,139 (2017: £623,761).

11. Central services

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

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

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Dymchurch Primary School	87,638	79,078
Lynsted & Norton Primary School	63,460	79,262
Milstead & Frinsted Church of England Primary School	46,891	41,741
Selling Church of England Primary School	80,819	72,820
Pilgrims' Way Primary School	123,082	95,729
Petham Primary School	48,696	44,818
Lydd Primary School	99,421	89,640
Total	<u>550,007</u>	<u>503,088</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

12. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the multi-academy trust. Staff trustees, including the Principal and CEO, only receive remuneration in respect of services they provide undertaking their roles under contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
Mr. Ian Fidge, Principal until resignation 31 March 2018	Remuneration	90,000-95,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs. Emma Campbell (resigned 26 March 2018)	Remuneration	30,000-35,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs. Hayley Spedding (CEO and AO from 1 April 2018)	Remuneration	40,000-45,000	not a trustee
	Pension contributions paid	opted out	not a trustee
Miss. Helen Stevens (resigned 15 January 2018)	Remuneration	15,000-20,000	not a trustee
	Pension contributions paid	0-5,000	not a trustee

Mr. Ian Fidge's remuneration for 2017/18 stated above includes a termination payment.

Trustees received benefits in kind amounting to £NIL in the current year (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £104 (2017 - £273) were reimbursed to 1 trustee (2017 - 3 trustees).

13. Trustees' and Officers' Insurance

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

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Notes to the Financial Statements
For the Year Ended 31 August 2018

14. Tangible fixed assets

	Leasehold property £	Leasehold improvements £	Furniture and fixtures £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2017	9,232,672	417,621	110,730	163,877	-	9,924,900
Additions	-	3,190	13,688	15,704	365,402	397,984
Transferred out on existing academy leaving the trust	(4,005,000)	(87,428)	(16,135)	(22,777)	-	(4,131,340)
At 31 August 2018	5,227,672	333,383	108,283	156,804	365,402	6,191,544
Depreciation						
At 1 September 2017	589,704	67,073	37,089	111,124	-	804,990
Charge for the year	157,957	39,140	11,147	25,245	-	233,489
Transferred out on existing academy leaving the trust	(313,724)	(17,549)	(6,273)	(11,655)	-	(349,201)
At 31 August 2018	433,937	88,664	41,963	124,714	-	689,278
Net book value						
At 31 August 2018	4,793,735	244,719	66,320	32,090	365,402	5,502,266
At 31 August 2017	8,642,968	350,548	73,641	52,753	-	9,119,910

15. Debtors

	2018 £	2017 £
Trade debtors	585	1,022
VAT recoverable	57,114	26,832
Other debtors	10,267	1,177
Prepayments and accrued income	251,798	185,852
	<u>319,764</u>	<u>214,883</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	20	-
Other loans	-	12,653
Trade creditors	117,654	123,310
Other creditors	907	3,227
Accruals and deferred income	383,891	197,871
	<u>502,472</u>	<u>337,061</u>

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Notes to the Financial Statements
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16. Creditors: Amounts falling due within one year (continued)

	2018	<i>2017</i>
	£	<i>£</i>
Deferred income		
Deferred income at 1 September 2017	151,928	<i>94,066</i>
Resources deferred during the year	83,754	<i>151,928</i>
Amounts released from previous years	(151,928)	<i>(94,066)</i>
	<u>83,754</u>	<u><i>151,928</i></u>
Deferred income at 31 August 2018	<u><u>83,754</u></u>	<u><u><i>151,928</i></u></u>

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

	2018	<i>2017</i>
	£	<i>£</i>
Universal Infant Free School Meals	72,653	<i>91,646</i>
Rates relief	9,401	<i>12,732</i>
Trafalgar	1,700	<i>7,550</i>
New Ways of Working grant	-	<i>40,000</i>
	<u>83,754</u>	<u><i>151,928</i></u>
	<u><u>83,754</u></u>	<u><u><i>151,928</i></u></u>

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

	2018	<i>2017</i>
	£	<i>£</i>
Other loans	-	<i>17,715</i>
	<u>-</u>	<u><i>17,715</i></u>
	<u><u>-</u></u>	<u><u><i>17,715</i></u></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	335,784	260,187	(145,691)	(158,148)	-	292,132
Transfer out of existing academies	-	-	(82,659)	82,659	-	-
	<u>335,784</u>	<u>260,187</u>	<u>(228,350)</u>	<u>(75,489)</u>	<u>-</u>	<u>292,132</u>
Restricted funds						
General Annual Grant (GAG)	80,974	4,650,221	(4,882,801)	101,749	-	(49,857)
Other DfE/ESFA grants	-	791,430	(734,630)	(2,707)	-	54,093
Other government grants	-	352,201	(352,201)	-	-	-
Other restricted funds	-	55,825	(55,825)	-	-	-
Transfer out of existing academies	-	-	546,336	(546,336)	-	-
Pension reserve	(2,565,000)	-	(438,000)	477,000	628,000	(1,898,000)
	<u>(2,484,026)</u>	<u>5,849,677</u>	<u>(5,917,121)</u>	<u>29,706</u>	<u>628,000</u>	<u>(1,893,764)</u>
Restricted funds - Fixed assets						
Fixed asset fund	9,119,910	-	(233,489)	(3,384,155)	-	5,502,266
Capital fund	-	477,460	(38,701)	(352,199)	-	86,560
Transfer out of existing academies	-	-	(3,782,137)	3,782,137	-	-
	<u>9,119,910</u>	<u>477,460</u>	<u>(4,054,327)</u>	<u>45,783</u>	<u>-</u>	<u>5,588,826</u>
Total restricted funds	<u>6,635,884</u>	<u>6,327,137</u>	<u>(9,971,448)</u>	<u>75,489</u>	<u>628,000</u>	<u>3,695,062</u>
Total of funds	<u>6,971,668</u>	<u>6,587,324</u>	<u>(10,199,798)</u>	<u>-</u>	<u>628,000</u>	<u>3,987,194</u>

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

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

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

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

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

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer of £45,782 represents the total capital expenditure in the year in excess capital funding received, which has been funded from revenue funds.

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Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Dymchurch Primary School	49,616	52,156
Lynsted & Norton Primary School	42,981	(23,961)
Milstead & Frinsted Church of England Primary School	84,707	80,671
Selling Church of England Primary School	139,282	125,178
Pilgrims' Way Primary School	-	104,411
Petham Primary School	73,656	99,023
Lydd Primary School	(250)	(714)
Central Trust Function	(93,624)	(20,006)
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	296,368	416,758
Restricted fixed asset fund	5,588,826	9,119,910
Pension reserve	(1,898,000)	(2,565,000)
	<hr/>	<hr/>
Total	3,987,194	6,971,668
	<hr/>	<hr/>

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

Name of academy	Amount of deficit £
Lydd Primary School	(250)
Central Trust Function	(93,624)

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

Lydd Primary School was expected to be in deficit at the end of this year, and the final deficit is better than anticipated after achieving additional savings during the year. The nature of the lagged funding means that whilst the academy has grown, the extra funding for the additional students will not be received until 2018/19; at the same time the 2017/18 year includes the cost of staffing an extra class. Future budgets all looked rather healthy for Lydd based on the increase in funding due to growth. The academy moves to a surplus position from 2018/19 due to increase in pupil numbers, staff workforce changes and closer budget monitoring.

The in-year central trust deficit leading to the increase in the overall central deficit has arisen due to the rebrokerage of Pilgrims' Way. Significant costs were incurred as a result of the need to restructure the central team, which had been based at Pilgrims' Way, taking into account the reduction in top slice payments received post rebrokerage and in future years. A staffing restructure is planned for implementation at the start of 2019/20 to off-set the central trust deficit. Procurement reviews have already led to savings for 2018/19.

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18. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Dymchurch Primary School	595,236	96,573	41,993	166,699	900,501	905,160
Lynsted & Norton Primary School	422,676	43,072	13,290	116,315	595,353	796,489
Milstead & Frinsted Church of England Primary School	321,519	43,327	23,147	87,370	475,363	507,666
Selling Church of England Primary School	538,980	81,907	30,164	165,156	816,207	857,096
Pilgrims' Way Primary School	810,251	109,554	32,795	188,969	1,141,569	1,585,838
Petham Primary School	319,151	67,183	26,734	100,353	513,421	572,444
Lydd Primary School	804,960	107,916	26,542	141,633	1,081,051	1,127,325
Central Trust Function	318,207	153,444	-	158,910	630,561	564,385
Central Trust Function (LGPS)	-	438,000	-	-	438,000	519,000
	<u>4,130,980</u>	<u>1,140,976</u>	<u>194,665</u>	<u>1,125,405</u>	<u>6,592,026</u>	<u>7,435,403</u>

Statement of funds - prior year

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

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19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted funds - fixed assets 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	5,502,266	5,502,266
Current assets	292,132	506,708	86,560	885,400
Creditors due within one year	-	(502,472)	-	(502,472)
Provisions for liabilities and charges	-	(1,898,000)	-	(1,898,000)
	<u>292,132</u>	<u>(1,893,764)</u>	<u>5,588,826</u>	<u>3,987,194</u>

Analysis of net assets between funds - prior year

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

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(3,612,474)	(977,033)
Adjustment for:		
Depreciation charges	233,489	271,504
Dividends, interest and rents from investments	(876)	(1,438)
Assets out of trust at £nil value (see note 27)	3,318,460	-
Increase in debtors	(146,795)	(63,994)
Increase in creditors	201,008	89,497
Capital grants from DfE and other capital income	(477,460)	(41,487)
Defined benefit pension scheme cost less contributions payable	378,000	447,000
Defined benefit pension scheme finance cost	59,000	71,000
Defined benefit pension scheme administration cost	1,000	1,000
Net cash used in operating activities	<u>(46,648)</u>	<u>(203,951)</u>

21. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	461,098	452,681
Notice deposits (less than 3 months)	104,538	103,970
Total	<u>565,636</u>	<u>556,651</u>

Notes to the Financial Statements
For the Year Ended 31 August 2018

22. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £363,000 (2017 - £409,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £427,000 (2017 - £394,000), of which employer's contributions totalled £334,000 (2017 - £309,000) and employees' contributions totalled £93,000 (2017 - £85,000). The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% for employees.

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22. Pension commitments (continued)

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:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	118,000	134,000
Discount rate -0.1%	(122,000)	(137,000)
Mortality assumption - 1 year increase	(150,000)	(168,000)
Mortality assumption - 1 year decrease	146,000	163,000
CPI rate +0.1%	(107,000)	(111,000)
CPI rate -0.1%	104,000	108,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,864,000	1,875,000
Gilts	21,000	19,000
Corporate bonds	243,000	257,000
Property	338,000	327,000
Cash and other liquid assets	84,000	85,000
Absolute return fund	185,000	102,000
Total market value of assets	2,735,000	2,665,000

The actual return on scheme assets was £122,000 (2017 - £382,000).

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Notes to the Financial Statements
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22. Pension commitments (continued)

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

	2018	2017
	£	£
Current service cost	(712,000)	(739,000)
Past service cost	-	(17,000)
Interest income	70,000	51,000
Interest cost	(129,000)	(122,000)
Admin expenses	(1,000)	(1,000)
	<u> </u>	<u> </u>
Total	<u>(772,000)</u>	<u>(828,000)</u>

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

	2018	2017
	£	£
Opening defined benefit obligation	5,230,000	5,471,000
Transferred out on existing academies leaving the trust	(925,000)	-
Current service cost	712,000	739,000
Interest cost	129,000	122,000
Employee contributions	93,000	85,000
Actuarial gains	(576,000)	(1,202,000)
Benefits paid	(30,000)	(2,000)
Past service costs	-	17,000
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u>4,633,000</u>	<u>5,230,000</u>

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

	2018	2017
	£	£
Opening fair value of scheme assets	2,665,000	2,132,000
Transferred out on existing academies leaving the trust	(448,000)	-
Interest income	70,000	51,000
Actuarial gains	52,000	91,000
Employer contributions	334,000	309,000
Employee contributions	93,000	85,000
Benefits paid	(30,000)	(2,000)
Administration expenses	(1,000)	(1,000)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u>2,735,000</u>	<u>2,665,000</u>

Notes to the Financial Statements
For the Year Ended 31 August 2018

23. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
£	£	£
Amounts payable - land and buildings:		
Within 1 year	-	5,500
Between 1 and 5 years	-	22,000
After more than 5 years	-	6,875
Total	-	34,375
Amounts payable - other:		
Within 1 year	10,998	16,051
Between 1 and 5 years	6,010	12,594
Total	17,008	28,645

24. 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.

25. Related party transactions

Owing to the nature of the academy trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook (AFH) and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure related transactions:

Animus Design a business owned by the husband of Mrs. Dawn Smith, a trustee until her resignation on 26 March 2018.

- During the year the academy trust purchased website hosting services of £2,005 (2017: £1,700). No amounts were outstanding at 31 August 2018 (2017: £nil).
- The purchases were made at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs. Smith neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the AFH 2017.
- Since the amounts involved are below £2,500 the 'at cost' provisions of the AFH do not apply.

Employment related transaction:

Mrs. Mary Fidge, the wife of Mr. Ian Fidge, the Principal and Accounting Officer until his resignation on 31 March 2018, is an employee of the trust. During the year she was paid a salary, under an employment contract, for her role. Mr. Ian Fidge had no involvement in the appointment of Mrs. Mary Fidge and the trustees are comfortable that Mrs. Mary Fidge's salary provides value for money and is not at a preferential rate.

26. Controlling party

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

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Notes to the Financial Statements
For the Year Ended 31 August 2018

27. Transfer out on academies leaving the multi-academy trust

On 30 April 2018 Pilgrims' Way Primary School left the trust. All assets and liabilities were transferred to Veritas Multi Academy Trust (company number 09692191). These assets and liabilities are summarised below:

Pilgrims' Way Primary School

	Transfer out on academy leaving the trust £
Tangible fixed assets	
Long-term leasehold property	3,761,154
Fixtures and fittings	9,862
Computer equipment	11,122
Debtors due within one year	41,914
Cash in bank and in hand	24,719
Liabilities	
Creditors due within one year	(25,474)
Creditors due after one year	(27,837)
Pensions	
Pensions - pension scheme assets	448,000
Pensions - pension scheme liabilities	(925,000)
Net assets	<u><u>3,318,460</u></u>