

**AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017



AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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AFFINITY MULTI ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017

Members	Sandra Willatt (appointed 1 April 2017) Mitchel Burden (appointed 1 April 2017) Jeremy Pallant (appointed 1 April 2017) Peter Wood (appointed 1 April 2017)
Trustees	Sally Chestnutt (appointed 21 February 2017) Josie Lynn (appointed 21 February 2017) Lynne Pritchard (appointed 23 February 2017) Laura Mills (appointed 21 February 2017) Robert King (appointed 21 February 2017) Sandra Willatt (appointed 25 June 2012) Mitchell Burden (appointed 1 January 2017, resigned 13 March 2017) Jeremy Pallant (appointed 1 January 2017, resigned 13 March 2017) Peter Wood (appointed 1 January 2017, resigned 13 March 2017) Jacqueline McPherson (appointed 1 April 2017) Fredrick Bush (appointed 25 June 2012, resigned 1 January 2017) Diane Atkinson (appointed 25 June 2012, resigned 1 January 2017)
Company registered number	08117759
Company name	Affinity Multi Academy Trust
Principal and registered office	Meadowgate Lane Wisbech PE13 2JH
Chief executive officer	Jacqueline McPherson
Independent Auditors	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford CM23 3BT
Bankers	Lloyds Bank Plc 3 North Brink Wisbech PE13 1JT
Solicitors	LGSS Law Limited Priory House Monks Walk Chicksands Shefford SG17 5TQ

AFFINITY MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Affinity Multi Academy Trust (the Trust, the Academy or the Charitable Company) for the period ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 3 to 19 years serving a catchment area in Fenland, Cambridgeshire. It has a pupil capacity of 158 and had a roll of 160 in the 2017 school census. The Academy opened on 1 April 2017 so although the accounting period runs from 1 July 2016, information is for the 5-month period to 31 August 2017. The Trust also changed its name during the period from Meadowgate Academy to Affinity Multi Academy Trust.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The Charitable Company is known as Affinity Multi Academy Trust.

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Trustees

The Trust is governed by a Board comprising the Trustees. The Board will have regard to any guidance of academy trusts. The Trustees will not amend or remove the provisions in its Articles relating to the appointment or election or the resignation or removal of Trustees or Members without the Secretary of States consent. In this Report the term Trustee, Director and Governor are interchangeable.

The arrangements are as set out in the Articles and Funding Agreement.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board, which meets on at least 4 occasions per year and each individual committee at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

The Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

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

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

Related Parties and other Connected Charities and Organisations

The trust has no related parties, connected charities or organisations.

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 3 years and 19 years.

Objectives, Strategies and Activities

1. To embed the Trust ensuring the systems of governance and monitoring are secure across this first year of operation.
2. To ensure the budget is used appropriately to provide the resources to meet the Academy development plan.
3. To consider opportunities to grow the Trust according to the vision of the Trustees to continue to ensure outstanding education and care for all pupils.
4. To complete the Free School bid.

During the year the School has worked towards these aims by:

- Creating the Affinity Multi Academy Trust.
- Converting the School into an academy.
- Recruiting quality Members, Directors and Local Governors to the Trust.
- Ensuring a strong financial position during and after conversion.
- Promoting the positive image of the new Academy within the local and regional community.
- Ensuring sound financial management during conversion to provide stability setting the Academy budget.
- Ensuring all pupils achieve expected or above expected outcomes.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Academy as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

Strategic Report

Achievements and Performance

The Trust opened on 1 April 2017 its mission to ensure that students achieved their potential in external accredited courses; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

Specific achievements in the 4 months since the Academy opened were as follows:

- Students in KS4 and 5 all achieved expected Entry Levels in Literacy, Numeracy, Science Life Skills and Communication.
- 100% of pupils taking the GCSE Maths examination passed at level 4.
- All pupils taking the GCSE Art examination passed at level F or above.
- All Y14 students achieved the expected passes within their vocational subjects.
- Y12 and 13 students took part in the National Youth Volunteer Scheme.
- Recruitment of 11 new members of staff.
- 4 staff accepted on the Foundation Degree at Bishop Grosseteste University.

Key Performance Indicators

- Over 95% of all pupils achieved expected or above expected levels in July 2017.
- In 2015 OFSTED rated Meadowgate School as outstanding.
- All academy leavers have accepted a place at a college of their choice.

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Academy compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2017 were 160 against a forecast of 160.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 84%. The Board of Trustees is confident that staffing levels are closely monitored to agreed full time equivalent and staffing structures all approved by the Board.

The Finance and Premises Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. As the Academy has only been open since April 2017 these costs will be monitored over the coming full academic / financial year.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education, Skills Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £1,528,926 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £1,384,386 on general running expenses.

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

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £2,339k. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £219,000. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to designate unrestricted balances of £63,000 for future capital projects, and are holding other unrestricted funds of £156,000 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £160,438.

The cash balance of the Academy at the year end was £171,639. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £100,000 to cover short term cash flow variances.

Investment Policy

A Financial Regulations Policy, which includes investment was approved by the Board on 1 April 2017.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

During the first 5 months of opening the Academy does not have any areas identified for investment. Should it be in a position to consider investments it must do so with the approval of the Board. The Academy will act with consideration to ethical, moral and equality considerations taking into account the community the Academy serves and is geographically placed within.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Board meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

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

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies and insurance in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy'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.
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees, ensure that student progress and outcomes are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area.
- Financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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

Plans for Future Periods

The Trust has plans to grow the Multi Academy Trust to secure the financial and strategic development of the organisation, by:

- Entering discussions with the area special schools in Cambridgeshire and Peterborough to discuss the possibility of sharing resources.
- Completing a bid for a Free School focusing on pupils with Autism and severe learning difficulties. The Trust has engaged professional bid writers to complete the bid and is working with the New Schools Network to refine the bid ready for the next bidding round.
- Peter Smith Associates (Property Management) are preparing a bid for the ESFA to extend the classroom and specialist provision to enable the Academy to increase the number of pupils it can accommodate.

Funds Held as Custodian Trustee on Behalf of Others

The Trust holds no funds on behalf of any other charity or trust. The Academy is responsible for staff pensions held by the Local Government Pension Scheme and the Teachers' Pension Scheme. The Academy is responsible for the pension deficit from the LGPS as attributed to the Academy by the Actuary.

Auditor

Insofar as the Trustees are aware:

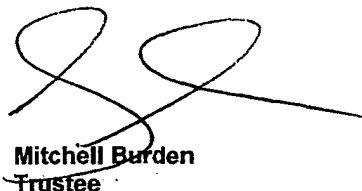
- There is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees have agreed to the reappointment of Price Bailey for the next academic year.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 6/12/2017 and signed by:



Sandra Willatt
Chair of Trustees


Mitchell Burden
Trustee

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board 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 Affinity Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board 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 has formally met twice during the period. Attendance during the period at meetings of the Board was as follows:

Trustee	Meetings attended	Out of a possible
Sally Chestnutt	2	2
Josie Lynn	1	2
Lynne Pritchard	2	2
Laura Mills	2	2
Robert King	2	2
Sandra Willatt	2	2
Mitchell Burden	2	2
Jeremy Pallant	2	2
Peter Wood	2	2
Jacqueline McPherson	2	2

The Board of Trustees was formed in the year. There are no particular challenges other than those associated with establishing a new MAT.

No governance review has been undertaken in the year. The Trustees intend to conduct a review of governance in April 2018.

The Finance and General Purposes Committee is a sub-committee of the main Board. Its purpose is to:

- To ensure sound management of the Academy's finances and resources.
- To ensure the Academy has strategic plans in place to deliver effective teaching and learning within its budgets.
- To make appropriate comments and recommendations on financial matters to the Board of Trustees on a regular basis.
- To adhere to the current Academies Financial Handbook.
- Monitor and check safeguarding annual report to the county.
- Pupil attainment.
- Monitor staff appraisal and approve pay increases arising from the appraisal process.

The key challenge in the period related to understanding the ESFA funding statements.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Sally Chestnutt	2	2
Robert King	2	2
Laura Mills	2	2
Lynne Pritchard	2	2
Jacqueline McPherson	2	2

REVIEW OF VALUE FOR MONEY

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

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

- Using both the local authority and national benchmarking sites to measure its income and expenditure against similar schools and academies.
- Reviewing the insurance purchases, comparing the existing provider with the DfE options.
- Discussing the level of staff insurance at the Finance and General Purposes Committee, along with options to stop buying into staff absence insurance and employ additional cover staff. Also meeting with other county finance officers and sharing information on buy-back options.
- Discussing and continually monitoring other County buy-back services for payroll, HR, Safeguarding and ICT support.
- The scrapping of class printers and investing in an additional photocopier which has reduced the cost of printing by up to £15,000 per annum. The photocopier service level agreement also went out to tender and annual costs were reduced.

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 Affinity Multi Academy Trust for the period 1 July 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board 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. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 July 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information

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GOVERNANCE STATEMENT (continued)

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 Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Robert King, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. A finance check was undertaken looking at the monthly finance statements and how these are produced and the system used by the Finance Officer.

On a termly basis, the RO reports to the Board through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The RO has delivered his schedule of work as planned and no material control issues were identified.

REVIEW OF EFFECTIVENESS

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

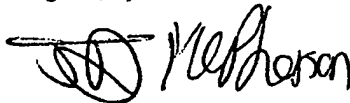
- the work of the Responsible Officer;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Trustees on 6 December 2017 and signed, by:



Sandra D Willatt
Chair of Trustees



Jacqueline McPherson
Accounting Officer

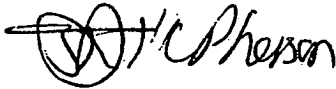
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

A handwritten signature in black ink, appearing to read 'J McPherson', with a stylized circular flourish at the beginning.

Jacqueline McPherson
Accounting Officer

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

The Trustees (who act as Governors of Affinity Multi Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 the Trustees on 6 December 2017 and signed on its behalf by:



Sandra Willatt
Chair of Trustees



Mitchell Burden
Trustee

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
AFFINITY MULTI ACADEMY TRUST

OPINION

We have audited the financial statements of Affinity Multi Academy Trust for the period ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
AFFINITY MULTI ACADEMY TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' 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 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 Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
AFFINITY MULTI ACADEMY TRUST

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
CM23 3BT
18 December 2017

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AFFINITY
MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 April 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Affinity Multi Academy Trust during the period 1 July 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF AFFINITY MULTI ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Affinity Multi Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2017, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AFFINITY
MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

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

Reporting Accountant

Price Bailey LLP

18 December 2017

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:					
Donations & capital grants:					
Transferred on conversion	3	190,046	(2,046,146)	13,041,230	11,185,130
Other donations and capital grants	3	-	6,613	9,285	15,898
Charitable activities	4	21,674	1,276,506	-	1,298,180
Other trading activities	5	41,902	-	-	41,902
Investments		165	-	-	165
TOTAL INCOME AND ENDOWMENTS		<u>253,787</u>	<u>(763,027)</u>	<u>13,050,515</u>	<u>12,541,275</u>
EXPENDITURE ON:					
Charitable activities		<u>102,463</u>	<u>1,380,924</u>	<u>125,414</u>	<u>1,608,801</u>
TOTAL EXPENDITURE	6	<u>102,463</u>	<u>1,380,924</u>	<u>125,414</u>	<u>1,608,801</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		151,324	(2,143,951)	12,925,101	10,932,474
Actuarial losses on defined benefit pension schemes	21	-	(183,000)	-	(183,000)
NET MOVEMENT IN FUNDS		<u>151,324</u>	<u>(2,326,951)</u>	<u>12,925,101</u>	<u>10,749,474</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>151,324</u>	<u>(2,326,951)</u>	<u>12,925,101</u>	<u>10,749,474</u>

All of the Academy's activities derive from acquisitions in the current financial period.

The notes on pages 21 to 39 form part of these financial statements.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08117759

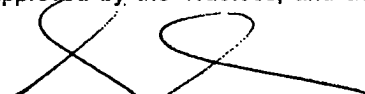
BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	13		12,915,816
CURRENT ASSETS			
Debtors	14	100,233	
Cash at bank and in hand		171,838	
		<u>272,071</u>	
CREDITORS: amounts falling due within one year	15	<u>(99,413)</u>	
NET CURRENT ASSETS			<u>172,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,088,474</u>
Defined benefit pension scheme liability	21		<u>(2,339,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>10,749,474</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	16	12,049	
Restricted fixed asset funds	16	12,925,101	
		<u>12,937,150</u>	
Restricted income funds excluding pension liability		12,937,150	
Pension reserve		<u>(2,339,000)</u>	
Total restricted income funds			10,598,150
Unrestricted income funds	16		<u>151,324</u>
TOTAL FUNDS			<u><u>10,749,474</u></u>

The financial statements on pages 18 to 39 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:



Sandra Willatt
Chair of Trustees



Mitchell Burden
Trustee

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	18	172,003
		<hr/>
Cash flows from investing activities:		
Dividends, interest and rents from investments		(165)
		<hr/>
Net cash used in investing activities		(165)
		<hr/>
Change in cash and cash equivalents in the period		171,838
Cash and cash equivalents brought forward		-
		<hr/>
Cash and cash equivalents carried forward	19	171,838
		<hr/> <hr/>

All of the cash flows are derived from acquisitions in the current financial period.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Affinity Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Trust's functional and presentational currency is Pound Sterling.

1.2 Company status

The Academy is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Academy. The registered office is Meadowgate Lane, Wisbech, PE13 2JH.

1.3 Fund accounting

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

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

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

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy 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.

1.7 Tangible fixed assets and depreciation

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

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

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

L/Term Leasehold Property	-	2% straight line
Fixtures and fittings	-	15% straight line
Computer equipment	-	33% 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.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 Debtors

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

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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.

1.13 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.

1.15 Conversion to an Academy Trust

The conversion from a state maintained school to an Academy involved the transfer of identifiable assets and liabilities and the operation of the School for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Meadowgate School to an Academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. COMPARATIVE INFORMATION

The Charitable Company filed dormant company accounts to 30 June 2016. As a company limited by guarantee it had neither assets nor reserves at that date.

Accordingly every comparative number required to be disclosed under FRS 102 section 3.14 is nil.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transferred on conversion	190,046	(2,046,146)	13,041,230	11,185,130
Donations	-	6,613	-	6,613
Capital grants	-	-	9,285	9,285
	<u>190,046</u>	<u>(2,039,533)</u>	<u>13,050,515</u>	<u>11,201,028</u>

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	661,699	661,699
Other DfE / ESFA grants	21,674	51,334	73,008
	<u>21,674</u>	<u>713,033</u>	<u>734,707</u>
Other government grants			
Local authority grants	-	558,827	558,827
	<u>-</u>	<u>558,827</u>	<u>558,827</u>
Other funding			
Catering income	-	4,646	4,646
	<u>-</u>	<u>4,646</u>	<u>4,646</u>
	<u>21,674</u>	<u>1,276,506</u>	<u>1,298,180</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Other Income	39,682	-	39,682
Uniform Income	2,220	-	2,220
	<u>41,902</u>	<u>-</u>	<u>41,902</u>

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Provision of Education:				
Direct costs	1,119,696	-	33,997	1,153,693
Support costs	94,369	105,959	254,780	455,108
	<u>1,214,065</u>	<u>105,959</u>	<u>288,777</u>	<u>1,608,801</u>

In 2017, of total expenditure £102,463 was to unrestricted funds, £125,414 was to restricted fixed asset funds and £1,380,924 was to restricted funds.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

7. CHARITABLE ACTIVITIES

	2017 £
Direct costs	1,153,693
Support costs	455,108
	<hr/>
Total	1,608,801
	<hr/> <hr/>

	2017 £
Analysis of support costs	
Support staff costs	94,369
Depreciation	125,414
Technology costs	9,830
Premises costs	105,959
Other support costs	101,818
Governance costs	17,718
	<hr/>
Total	455,108
	<hr/> <hr/>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets:	
- owned or leased by the Trust	125,414
Operating lease rentals	1,440
Auditors' remuneration - audit	5,500
Auditors' remuneration - other services	3,250
	<hr/> <hr/>

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2017 £
Wages and salaries	901,813
Social security costs	72,537
Pension costs	239,715
	<hr/> 1,214,065 <hr/>

The average number of persons employed by the Academy during the period was as follows:

	2017 No.
Teachers	25
Administration and support	85
Management	3
	<hr/> 113 <hr/>

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

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

Employer pension contributions were made during the year for 2 employees whose remuneration exceeded £60,000. Total employer pension contributions in the period for these employees were £9,821.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £121,964 (2016: nil).

10. CENTRAL SERVICES

No central services were provided by the Academy to its school during the period and no central charges arose.

AFFINITY MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £
Jacqueline McPherson	Remuneration	85,000-90,000
	Pension contributions paid	10,000-15,000
Laura Mills	Remuneration	50,000-55,000
	Pension contributions paid	5,000-10,000

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	L/Term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2016	-	-	-	-
Additions	12,796,800	239,050	5,380	13,041,230
At 31 August 2017	12,796,800	239,050	5,380	13,041,230
Depreciation				
At 1 July 2016	-	-	-	-
Charge for the period	93,495	29,109	2,810	125,414
At 31 August 2017	93,495	29,109	2,810	125,414
Net book value				
At 31 August 2017	12,703,305	209,941	2,570	12,915,816

The Trust's transactions relating to land and buildings included:

The donation of land and buildings transferred on conversion amounting to £12,796,800 and the taking up of a 125 year leasehold on the land and buildings for Meadowgate School at an annual rent of nil.

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NOTES TO THE FINANCIAL STATEMENTS
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14. DEBTORS

	2017 £
VAT recoverable	33,690
Other debtors	2,552
Prepayments and accrued income	63,991
	<u>100,233</u>

15. CREDITORS: Amounts falling due within one year

	2017 £
Other creditors	85,157
Accruals and deferred income	14,256
	<u>99,413</u>

Deferred income

Resources deferred during the year	<u>540</u>
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Deferred income included above includes amounts received in advance in relation to trips and meal income.

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16. STATEMENT OF FUNDS

	Balance at 1 July 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	-	253,787	(102,463)	-	-	151,324
Restricted funds						
Transferred on conversion	-	10,854	-	(10,854)	-	-
General Annual Grant (GAG)	-	661,699	(661,699)	-	-	-
Pupil Premium	-	32,848	(32,848)	-	-	-
Local authority funding	-	558,827	(558,827)	-	-	-
Trips	-	6,613	(5,164)	-	-	1,449
Bursaries	-	7,946	(8,200)	10,854	-	10,600
Other restricted funds	-	15,186	(15,186)	-	-	-
Pension reserve	-	(2,057,000)	(99,000)	-	(183,000)	(2,339,000)
	-	(763,027)	(1,380,924)	-	(183,000)	(2,326,951)
Restricted fixed asset funds						
Transfer on conversion	-	13,041,230	(125,414)	-	-	12,915,816
DfE/ESFA capital grants	-	9,285	-	-	-	9,285
	-	13,050,515	(125,414)	-	-	12,925,101
Total restricted funds	-	12,287,488	(1,506,338)	-	(183,000)	10,598,150
Total of funds	-	12,541,275	(1,608,801)	-	(183,000)	10,749,474

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

There is a transfer from GAG relating to the contribution from GAG funding towards the maintenance of capital assets during the year and a transfer to GAG for restricted funds not separately identified.

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

Other DfE/ESFA grants

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals, looked after children and those from families with parents in the Armed Forces.

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16. STATEMENT OF FUNDS (continued)

Other government grants

This represents other funding from the Government towards the provision of education.

Other restricted funds

This represents funding received towards specific purposes, including contributions towards school trips.

Other Government Grants

This represents funding received from the Local Authority and others towards specific purposes.

Pension reserve

This fund represents the Trusts share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from a state controlled school.

Restricted fixed asset fund

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a purpose. Additions acquired during the year have been transferred to this fund.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,915,816	12,915,816
Current assets	265,054	(2,268)	9,285	272,071
Creditors due within one year	151,324	(250,737)	-	(99,413)
Provisions for liabilities and charges	-	(2,339,000)	-	(2,339,000)
	<u>151,324</u>	<u>(2,326,951)</u>	<u>12,925,101</u>	<u>10,749,474</u>

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18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £
Net income for the year (as per Statement of Financial Activities)	10,932,474
Adjustment for:	
Depreciation charges	125,414
Dividends, interest and rents from investments	165
Increase in debtors	(100,233)
Increase in creditors	99,413
Defined benefit pension scheme obligation inherited	2,057,000
Defined benefit pension scheme cost less contributions payable	99,000
Donated assets	(13,041,230)
Net cash provided by operating activities	<u>172,003</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash in hand	171,838
Total	<u>171,838</u>

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20. CONVERSION TO AN ACADEMY TRUST

On 1 April 2017 Meadowgate School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Affinity Multi Academy Trust from Cambridgeshire County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	12,796,800	12,796,800
- Other tangible fixed assets	-	-	244,430	244,430
Budget surplus/(deficit) on LA funds	190,046	10,854	-	200,900
LGPS pension surplus/(deficit)	-	(2,057,000)	-	(2,057,000)
Net assets/(liabilities)	<u>190,046</u>	<u>(2,046,146)</u>	<u>13,041,230</u>	<u>11,185,130</u>

The above net assets include £200,900 that were transferred as cash.

21. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hyams Robertson. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 20 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Contributions amounting to £44,893 were payable to the schemes at 31 August 2017 and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £57,716.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £136,000, of which employer's contributions totalled £108,000 and employees' contributions totalled £28,000. The agreed contribution rates for future years are 22.3% for employers and 6.5% for employees.

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NOTES TO THE FINANCIAL STATEMENTS
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21. 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.

Cambridgeshire Pension Fund

Principal actuarial assumptions:

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

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

	2017
Retiring today	
Males	22.4
Females	24.4
Retiring in 20 years	
Males	24.0
Females	26.3

	At 31 August 2017 £
Sensitivity analysis	
Discount rate +0.1%	3,421,044
Discount rate -0.1%	3,574,956
Mortality assumption - 1 year increase	3,637,920
Mortality assumption - 1 year decrease	3,358,080
CPI rate +0.1%	3,560,964
CPI rate -0.1%	3,435,036

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

	Fair value at 31 August 2017 £
Equities	892,000
Corporate bonds	151,000
Property	81,000
Cash and other liquid assets	35,000
Total market value of assets	1,159,000

The actual return on scheme assets was £30,000.

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £
Current service cost	(184,000)
Interest income	12,000
Interest cost	(35,000)
Total	<u>(207,000)</u>

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

	2017 £
Transferred in on existing academies joining the Trust	3,050,000
Current service cost	184,000
Interest cost	35,000
Employee contributions	28,000
Actuarial losses	201,000
Closing defined benefit obligation	<u>3,498,000</u>

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

	2017 £
Transferred in on existing academies joining the Trust	993,000
Interest income	12,000
Actuarial losses	18,000
Employer contributions	108,000
Employee contributions	28,000
Closing fair value of scheme assets	<u>1,159,000</u>

22. OPERATING LEASE COMMITMENTS

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

	2017 £
Amounts payable:	
Within 1 year	4,960
Between 1 and 5 years	4,023
Total	<u>8,983</u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. MEMBERS' LIABILITY

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

24. RELATED PARTY TRANSACTIONS

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

There were no related party transactions during the year.