

THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2016



Company Limited by Guarantee
Registration Number: 08422015
(England & Wales)

CONTENTS

	Page
Reference and Administrative Information	3
Trustees' Report	6
Governance Statement	16
Statement on Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditor's Report on the Financial Statements	21
Independent Reporting Accountant's Report on Regularity	23
Statement of Financial Activities	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements incorporating:	
- Statement of Accounting Policies	28
- Other Notes to the Financial Statements	32

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	Reverend C Cocksworth Reverend J Green (appointed 14 December 2015) L Wainscot S Ramshaw (appointed 12 February 2016) S Hanson (appointed 12 February 2016) A J Kennedy (resigned 14 December 2015) R H Pogson (resigned 12 February 2016) S J Lloyd (resigned 29 April 2016)
Trustees	Reverend J Green – Chair (appointed 14 December 2015) A J Kennedy - Chair (resigned as Chair 14 December 2015) D Morris - Chief Executive Officer R H Pogson S J Lloyd (resigned 29 April 2016) L Wainscot J A Wade P E Law R Medwell I Dewes (appointed 1 July 2016)
Company Secretary	J R Baker
Central MAT - Senior Management Team	
Chief Executive Officer	D. Morris
Head of Finance	M Nisbet
Head of Human Resources	C Salter
Head of Operations	J Baker
Stretton Church of England Academy	
Executive Headteacher	S Bates
Acting Headteacher	S Samra
St Laurence's Church of England Primary School	
Executive Headteacher	C Lucas
Head of School	J Jennings
St Bartholomew's Church of England Academy	
Executive Headteacher	C Lucas
Head of School	S Rayson
Queens Church of England Primary Academy	
Headteacher	H Carvell
Harris Church of England Academy	
Headteacher	M Stoppard
St James's Church of England Academy	
Headteacher	M Cuskelly
St Nicolas Church of England Primary School	
Headteacher	T McGeever
Studley St Mary's Church of England Academy	
Headteacher	S Lambert

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (cont'd)

St John's Church of England Academy**Headteacher**

G Watson

St Michael's Church of England Academy**Executive Headteacher**

S Bates

Headteacher

C Errington

St Oswald's Church of England Academy**Headteacher**

H Lorimer

Leamington Hastings Church of England Academy**Headteacher**

R Plumbley

Principal Address

Diocese of Coventry Multi-Academy Trust
 The Benn Education Centre
 Claremont Road
 Rugby
 CV21 3LU

Academy Addresses

Stretton Church of England Academy
 Stretton Avenue
 Willenhall
 Coventry
 CV3 3AE

St Laurence's Church of England Primary School
 Old Church Road
 Coventry
 CV6 7FN

St Bartholomew's Church of England Academy
 Bredon Avenue
 Coventry
 CV3 2LP

Queens Church of England Academy
 Bentley Road
 Nuneaton
 CV11 5LR

Harris Church of England Academy
 Harris Drive
 Rugby
 CV22 6EA

St James Church of England Academy
 Barbridge Road
 Bulkinton
 CV12 9PF

St Nicolas Church of England Academy
 Windemere
 Nuneaton
 CV11 6HJ

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (cont'd)**Academy Addresses (Continued)**

Studley St Mary's Church of England Academy
New Road
Studley
B80 7ND

St John's Church of England Academy
Winsford Avenue
Coventry
CV5 9HZ

St Michael's Church of England Academy
Hazel Grove
Bedworth
Warwickshire
CV12 9DA

St Oswald's Church of England Academy
Addison Road
Rugby
Warwickshire
CV22 7DJ

Leamington Hastings Church of England Academy
Birdingbury Road
Hill
Leamington Hastings
Rugby
Warwickshire
CV23 8EA

Registered Office

The Benn Education Centre
Claremont Road
Rugby
CV21 3LU

Company Registration Number

8422015

Independent Auditor

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The trust operates a multi academy trust (MAT) for pupils aged 2 to 16 serving a catchment area in Rugby, Coventry, Bedworth, Nuneaton and Studley. The MAT comprises 12 schools with a pupil capacity and roll on 16 January 2015 as follows for: Stretton Church of England Academy (capacity: 210, roll: 187), St Laurence's Church of England Primary School (capacity: 420, roll: 402), St Bartholomew's Church of England Academy (capacity: 442, roll: 332), Queens Church of England Primary School (capacity: 360, roll: 204), Harris Church of England Academy (capacity: 900, roll: 679), St James's Church of England Academy (capacity: 240, roll: 222), St Nicolas Church of England Primary School (capacity: 420, roll: 423), Studley St Mary's Church of England Academy (capacity: 240, roll: 216), St John's Church of England Academy (capacity: 210, roll: 197), St Michael's Church of England Academy (capacity: 395, roll: 353), St Oswald's Church of England Academy (capacity: 236, roll: 214) and Leamington Hastings Church of England Academy (capacity: 54, roll: 45).

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Diocese of Coventry Multi-Academy Trust (DMAT) is a company limited by guarantee with no share capital (Registration Number: 08422015) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of the DMAT are also the directors of a charitable company for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 3-5.

Members' Liability

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

Trustees' Indemnities

The DMAT has in place Directors and Trustees liability insurance indemnity cover to a limit of £1m.

Principal Activities

In line with the Church of England Foundation, the DMAT, works in partnership with young people, parents and carers to ensure, so far as possible, that:

- every lesson is good or better than the last;
- every child makes at least, above national expectations in both attainment and progress;
- every academy is well led and governed.
- all teachers are motivated to self-improve and aspire to excellence; and
- all academies are judged good or better at Section 48 Inspections.

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the DMAT's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the DMAT.

With regard to Parent and Staff representation, procedures are in place for nomination and election of the local governing board members.

Policies and Procedures Adopted for the Induction and Training of Trustees

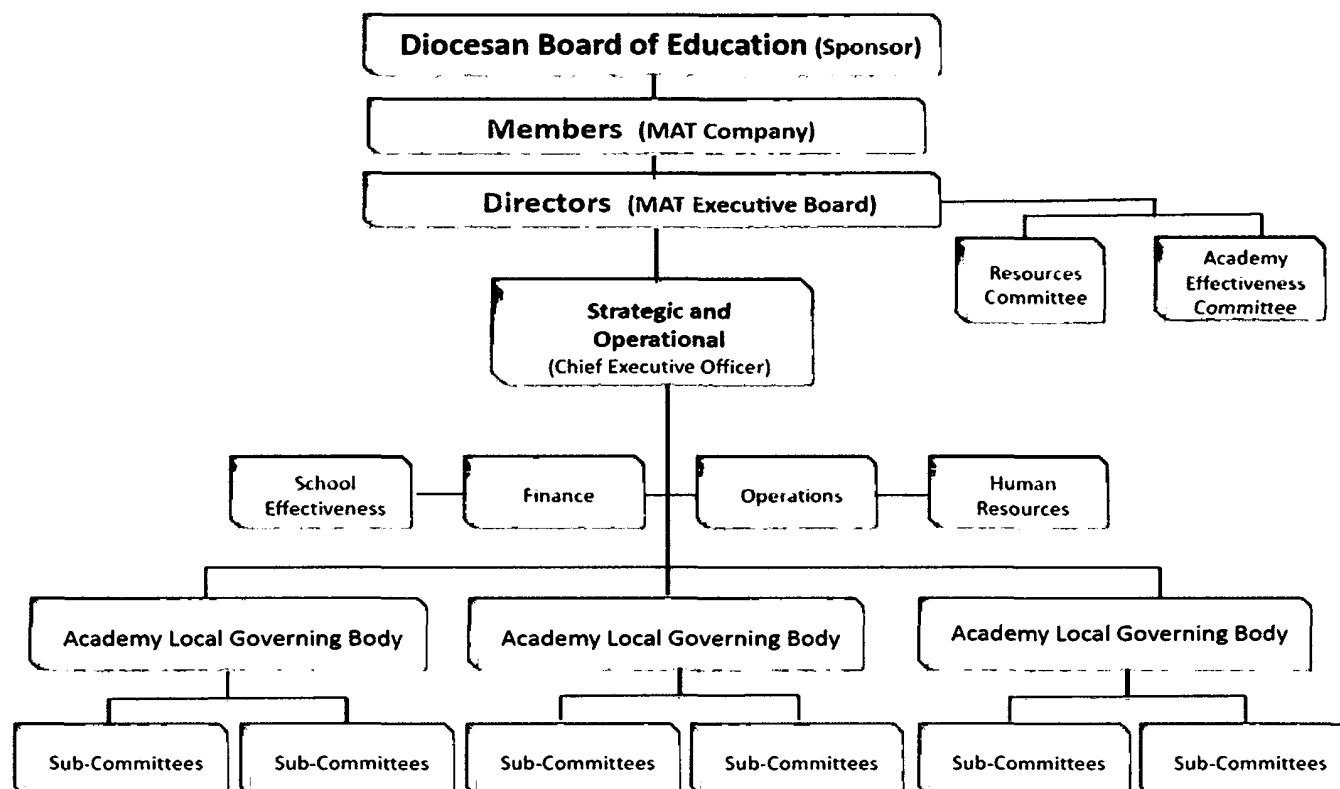
An induction pack containing relevant documentation needed to undertake the role is being developed so that it can be provided to all newly appointed trustees. The induction pack describes their role as a trustee and gives some basic information about the academies including the local governing bodies. Training for trustees is undertaken depending on their experience.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Organisational Structure

The structure consists of the following levels: the members, the directors (trustees), the MAT officers and Academy Local Governing Bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

**Diocese of Coventry Multi Academy Trust
Organisation Chart**



The trustees are responsible for upholding the Christian Foundation, setting general policy, adopting an annual plan and budget, monitoring the academies through the use of budgets and making major decisions about the direction of the academies, capital expenditure and staff appointments.

The trustees control the academies at an executive level, whilst the Senior Leadership Teams in each academy (Executive Head teachers, Head teachers and Deputies) implement the policies laid down by the trustees and report back to them. The Senior Leaders are responsible, in line with the Trust Schemes of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

Arrangements for setting pay and remuneration of key management personnel

The DMAT Board set the pay and performance management policy annually. All staff are subject to a robust performance management process which governs pay and awards. Pay and remuneration for central staff, academy staff over the salary of £50,000 or in the post of Executive Headteacher, Headteacher or Head of School, irrespective of salary are overseen by the DMAT's Resources Committee which meets termly. Remuneration and pay arrangements are managed in line with the DMAT's policies at academy level by the local governing body.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Connected Organisations, including Related Party Relationships**

The Diocese of Coventry Multi-Academy Trust was incorporated on 27 February 2013 and became a multi academy trust from 1 April 2013 including under its control Stretton Church of England Academy, St Laurence's Church of England Primary School, St Bartholomew's Church of England Academy, Queens Church of England Academy, Harris Church of England Academy, St James Church of England Academy, St Nicolas Church of England Academy, Studley St Mary's Church of England Academy, St Johns Church of England Academy, St Michael's Church of England Academy and St Oswald's Church of England. During the year Leamington Hastings Church of England Academy has joined the MAT.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The objects of the DMAT are specifically restricted to the following: -

"To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools with a designated Church of England religious character ("the Academies") offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant funding agreement), and in having regard to the advice of the Diocesan Board of Education."

All Academies in the DMAT seek to be recognised for their distinctive and inclusive Christian ethos and for the impact that this has on raising educational standards. Each Academy will demonstrate its Christian distinctiveness by providing an inspirational and holistic education which enables all children and staff to develop and achieve to their full potential.

The DMAT seeks to achieve its aims by ensuring that it's Academies are:

- transformational;
- aspirational;
- sustainable;
- motivational; and
- purposeful.

Strategies and Activities

To meet these priorities the DMAT has appointed an operational team who have adopted a number of strategies and activities that include: -

- Identifying with individual academies what a good and outstanding lesson look like.
- Implementing a standard template for monitoring and reporting progress of each child.
- Encouraging outwardly facing Senior Leaders, who seek best practice from cutting-edge and innovative schools (both within the Multi-Academy Trust but also with the wider Diocesan family and nationally).
- Introducing and embedding the Diocesan school improvement model to develop quality teaching within the academies.
- Working in partnership with the Coventry Diocesan Board of Education ('the DBE') to develop the Christian distinctiveness of each Academy so that they can provide an inspirational and holistic education which enables all children and staff to develop and achieve to their full potential.
- Offering central support with recruitment of staff, particularly in the areas of finance and senior leadership.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the DMAT's objective is to advance for the public benefit education in the United Kingdom.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**STRATEGIC REPORT****Achievements and Performance**

The Church of England has a long association with education in this country stretching back over 200 years. It was from 1811 that the Church, started providing what could be described as the very first 'free schools' when education was made available without charge for all. By the time of the national census of 1851, forty years later, the Church had established 17,000 schools. The Church needed to respond to new educational landscapes and the challenges and opportunities they bring. Church Education and the Diocese of Coventry is again at a pivotal point and therefore has had to set up a multi academy trust.

It wants to be in a position where it can continue to serve and support the schools for which it shares responsibility and care; those in the Diocesan family of schools and, in turn, those whom such schools seek to serve. The DBE has re written its mission statement to reflect this:

"The DBE empowers others to be courageous, equipping them to deliver excellent Christian education so that all will flourish to achieve their full human potential."

One of the aims of the DBE is to establish an environment in which schools can flourish as successful Academies. The Church of England schools in the Diocese have always had a commitment to working together. The DBE seeks to work effectively with other organisations; with Local and National Government, and with the Diocese, to create the very best for the children, staff and parents within the Schools. Belonging to the DMAT strengthens those opportunities. It provides a supportive and appropriately-challenging environment for school leaders and governors to achieve the very best for their school. The setting up of the DMAT has also brought the Academies closer to the Diocese and enabled the DMAT to share the broader Diocesan vision of transforming communities.

The DMAT was established in April 2013. The aim is that each Academy will provide an inspirational and holistic education which enables all children and staff to develop and achieve to their full potential. The core mission of the DMAT is to build a better future for all within its academies who in turn will positively impact their communities.

There are currently twelve schools within the DMAT across Coventry and Warwickshire. We believe in:

- working together as a family of schools;
- building on a foundation of a strong Christian ethos;
- sharing our skills and expertise to support each other in achieving our aims; and
- providing a high quality educational experience for all.

There has been great progress across the DMAT since its inception. The value of being part of the DMAT has been recognised by Ofsted. The report for Stretton CofE Academy, which was graded outstanding in 2015, states:

'the many highly productive links with the Multi-Academy Trust have assisted the transformation of the academy. Regular visits from a representative of the trust focused on improvements in the academy and collaboration with other academies in the trust and have helped to accelerate the pace of necessary changes.'

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Achievements and Performance (cont'd)

Name of Academy	Sponsored or Converter	LA	Date joined the DMAT	Ofsted Grading
St Laurence CofE Primary School	Sponsored	Cov	Apr-13	Good
Stretton CofE Academy (Primary)	Sponsored	Cov	Apr-13	Outstanding
St Bartholomew's CofE Academy (Primary)	Sponsored	Cov	Sep-13	RI
Queen's CofE Academy (Junior)	Sponsored	Warks	Jan-14	n/a
Harris CofE Academy (11-16)	Sponsored	Warks	Jan-14	n/a
St James' CofE Academy (Junior)	Sponsored	Warks	Apr-14	n/a
St Nicolas' CofE Academy (Primary)	Converter	Warks	May-14	Good
Studley St Mary's CofE Academy (Junior)	Sponsored	Warks	Jul-14	n/a
St John's CofE Academy (Primary)	Converter	Cov	Sep-14	Good
St Oswald's CofE Academy (Primary)	Sponsored	Warks	Jul-15	n/a
St Michael's CofE Academy	Sponsored	Warks	Jul-15	n/a
Leamington Hastings CofE Academy (Infant)	Converter	Warks	Sep-15	Good

How the DMAT is supporting its schools to improve

- At least 12 days Diocesan School Improvement Partner (DSIP) support visit's per year for Primary Academies (the DSIP is a trained and practising Ofsted Inspector);
- 24 days a year Secondary support from an independent Secondary School Improvement Partner;
- 2 Executive Headteachers (EHTs) employed by the DMAT to support school improvement;
- Termly data reviews with Senior Leadership Teams (SLT), the DSIP and Governors;
- End of Year External Reviews to verify school self-evaluation and impact of DMAT support;
- DMAT-led Continual Professional Development (CPD) at all levels, organised and led by the DBE, the DSIP and EHTs;
- School to school support through the DSIP's shared intelligence;
- Headteacher (HT) Performance Management (PM) designed to ensure robust accountability for school improvement, the DMAT Chief Executive Officer (CEO) and the DSIP attend every HT PM with the Chair
- Leadership networks – Maths and English leaders; Special Educational Needs Coordinator (SENCO) and inclusion; computer and E-Safety; Early Years and Foundation Stage (EYFS); Chairs of Governors;
- NQT recruitment strategy and development programme, including induction tutor and mentor training;
- Partnerships beyond the DMAT through local Teaching School Alliances – DSIP brokers school to school support funding bids;
- MAT to MAT visits arranged to broaden experiences;
- Emphasis on moderation at every level – within school, school to school and MAT to MAT;
- All academies are encouraged to engage with their local consortia and local authority provision;
- The Diocesan Director of Education and the DSIP meet regularly with local authority Improvement
- The DSIP reports to DMAT School Effectiveness Committee three times a year on individual academy and whole DMAT standards

Key Partners that support the DMAT

- University of Warwick;
- Birmingham University;
- Teach First;
- Together for Change;
- Anthony Collins Solicitors;
- UHY Hacker Young Accountants;
- YMD Boon Building Surveyors; and
- RSA Teaching School Alliance.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Key characteristics in terms of governance**

- skills audit and skills based appointments are made to strengthen both the DMAT Board of Directors and local governing bodies;
- the DMAT Board and committees use a robust and comprehensive Scheme of Delegation;
- the DMAT retains local governing bodies with a delegated function for each academy;
- termly budget review meetings link school, the DMAT and governors;
- the annual HT Performance Management review is led by the DMAT with input from the DSIP, members of the local governing body and an external advisor;
- model governance documents provide terms of reference, codes of conduct and statutory policies such as complaints etc. Where policies need to be tailored to the school, (eg behaviour), the DMAT provides a written statement of intent which sets out expectations. The academy is then able to adopt a bespoke policy aligned to the vision, values and expectations of the DMAT.

Top line benefits

Accessing cost management specialists on behalf of the academies as a group which has led to a review of costs and identified areas where negotiation as a group could be beneficial using skilled procurement individual. So far the benefits gained through pooling of resources on contracts are as follows:

All savings are estimated against current costs, ex VAT at 20% (5% for energy) and are annualised to give a clearer indication of the savings.

- **Electricity** – new contracts signed for all academies to start on 1st October 2016 with savings of approximately £11,500. Approximately £5,000 Climate Change Levy has been recovered.
- **Gas** – new contracts have been signed saving approximately £18,000. These contracts were renewed through ESPO on 1st April 2016 and were implemented prior to the work of Auditel. However, Auditel did review the agreement and confirmed that the prices were acceptable. This provided an additional recovery of approximately £1,000 Climate Change Levy.
- **Copiers** – so far cost savings of approximately £6,500 have been made for 4 schools with devices in place by July 2016. There is potentially a £5,000 saving for Harris CofE Academy starting in September with another estimated saving of £10,000 phased in during 2017/2018/2019. Due to the varying contract end dates it has been decided not to enter into a single large contract for copiers at this point but we are still able to levy our group buying power when negotiating for smaller contracts.
- **Paper** - savings of around £5,000 are estimated for 2017. A new contract is being implemented for a 12 month period (fixed price) across all academies the DMAT.
Fixed telecoms (calls and rentals) – there is an estimated saving of £3000, through moving two schools to a new supplier. A further £2,000 should be saved in 2017/18. New phone systems are being reviewed for other academies and could yield a further saving.
- **Mobile telecoms** – currently we are working on an estimated saving of £2,000 when new contracts are up for renewal from Nov 2016.

Areas of contract cost saving for investigation in the autumn term 2016:

- Broadband
- Waste and Re-cycling
- Consumables (stationery, toners, washroom etc)

Other cost savings

- Shared catering contract
- Shared Business Manager across two academies – Stretton CofE Academy and St Bartholomew's CofE Academy
- Caretaking at Harris CofE Academy supports Leamington Hastings CofE Academy
- Employment of Executive Headteachers to support leadership and share good practice
- NQT programme of induction to improve retention rates of NQTs as well as investing in their own personal and professional development.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Other cost savings (cont'd)**

- NQT pool – high quality trainees are identified throughout the year and recruited to a specific academy. This ensures healthy recruitment of high calibre staff saving on agency costs for supply and recruitment.
- Secondment of staff across the DMAT to fill vacancies and support development of skills and experiences.

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academy is delivering value for money.

Stretton Church of England Academy	2016	2015
Pupil numbers	184	200
Staff costs as a % of total revenue grant income	79%	69%
Staff costs as a % of total costs	75%	76%
Capital expenditure per pupil	£1,223	£995
St Laurence's Church of England Primary School	2016	2015
Pupil numbers	402	402
Staff costs as a % of total revenue grant income	66%	66%
Staff costs as a % of total costs	69%	70%
Capital expenditure per pupil	£264	£724
St Bartholomew's Church of England Academy	2016	2015
Pupil numbers	332	332
Staff costs as a % of total revenue grant income	81%	67%
Staff costs as a % of total costs	73%	68%
Capital expenditure per pupil	£166	£488
Queens Church of England Academy	2016	2015
Pupil numbers	204	204
Staff costs as a % of total revenue grant income	73%	79%
Staff costs as a % of total costs	73%	71%
Capital expenditure per pupil	£740	£838
Harris Church of England Academy	2016	2015
Pupil numbers	679	679
Staff costs as a % of total revenue grant income	82%	84%
Staff costs as a % of total costs	72%	75%
Capital expenditure per pupil	£262	£300
St James Church of England Academy	2016	2015
Pupil numbers	222	222
Staff costs as a % of total revenue grant income	78%	85%
Staff costs as a % of total costs	75%	75%
Capital expenditure per pupil	£1,293	£775
St Nicolas Church of England Academy	2016	2015
Pupil numbers	423	423
Staff costs as a % of total revenue grant income	83%	81%
Staff costs as a % of total costs	77%	75%
Capital expenditure per pupil	£345	£139

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Key Financial Performance Indicators (cont'd)**

	2016	2015
Studley St Mary's Church of England Academy		
Pupil numbers	216	216
Staff costs as a % of total revenue grant income	77%	81%
Staff costs as a % of total costs	74%	73%
Capital expenditure per pupil	£60	£1,148
St John's Church of England Academy	2016	2015
Pupil numbers	197	197
Staff costs as a % of total revenue grant income	80%	77%
Staff costs as a % of total costs	73%	68%
Capital expenditure per pupil	£853	£46
St Michael's Church of England Academy	2016	2015
Pupil numbers	353	353
Staff costs as a % of total revenue grant income	99%	73%
Staff costs as a % of total costs	77%	73%
Capital expenditure per pupil	£2,708	£0
St Oswald's Church of England Academy	2016	2015
Pupil numbers	214	214
Staff costs as a % of total revenue grant income	82%	61%
Staff costs as a % of total costs	74%	61%
Capital expenditure per pupil	£654	£0
Leamington Hastings Church of England Academy	2016	2015
Pupil numbers	45	N/A
Staff costs as a % of total revenue grant income	94%	N/A
Staff costs as a % of total costs	72%	N/A
Capital expenditure per pupil	£44	N/A

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the multi 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.

FINANCIAL REVIEW**Overview**

The principal source of funding for the academy is the General Annual Grant. Most of the multi academy trust income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The multi academy trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2016 the net book value of fixed assets was £50,367,000 (2015:£47,672,000) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

The Local Government Pension Scheme (LGPS) figures as at 31 August 2016 are based on projecting forward the estimated position at 1 September 2015 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS 102 deficit at 31 August 2016 is £11,039,000 which compares to a deficit of £6,791,000 at 31 August 2015.

The main reason for the increase in the deficit is because of:

- lower assumed rate of salary increases;
- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- increased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- official budgets;
- scheme of Delegation;
- financial regulations; and
- risk management policy.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves policy

The trustees review the reserve levels of the 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 have determined that the appropriate level of reserves for the current number of academies should be equivalent to 4 weeks expenditure, approximately £1,556,000. The level of reserves will be reviewed and adjusted as new academies join the DMAT. 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.

Any surplus reserves built up by the DMAT are earmarked to cover:

- planned capital expenditure;
- improve the quality of learning and social spaces within the academy;
- forecast increases in employer contributions to the Local Government Pension Scheme.

The value of free reserves after deducting 4 weeks working capital requirements are £1,328,000.

Financial position

The DMAT held fund balances at 31 August 2016 of £42,181,000 (2015:£43,321,000), after allowing for the pension deficit of £11,039,000 (2015:£6,791,000); comprising £51,559,000 (2015:£48,531,000) of restricted funds and £1,661,000 (2015:£1,581,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the DMAT. The DMAT's policy on investments is one of minimum risk with all investments being held with the DMAT's bankers. The DMAT will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2016. Investments are made with regard to Charity Commission guidance in relation to investments.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**PRINCIPAL RISKS AND UNCERTAINTIES**

The board has considered the risks faced by the DMAT throughout its normal operational business. It has sought to address the risks faced by the DMAT by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting, the trust's identified key risks are:

- the risk of achievement in core subjects being below expectations;
- complying with legislative and regulatory requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection and safeguarding, the Charity Commission and the National Curriculum;
- financial risk - not operating within budget and running a deficit, changes in funding, falling pupil numbers, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation;
- operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information; and
- condition of buildings acting as a barrier to achievement.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risks to which the DMAT is exposed have been identified on the DMAT's Risk Register and are identified in the Financial Review on page 13. Trustees have reviewed the risks to which the multi academy trust is exposed and systems and procedures have been put in place to manage these.

Plans for future periods

The deficit position of the Local Government Pension Scheme may result in an increase in employers' pension contributions over a period of years. It is intended that the DMAT will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

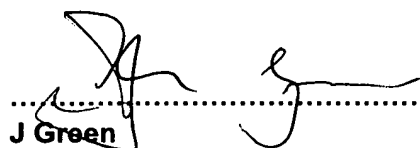
Auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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 auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees as the company directors on 12 December 2016 and signed on their behalf by:


.....

J Green

Chair of Trustees

12 December 2016

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring the DMAT 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 Chief Executive Officer, D Morris, 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 DMAT and the Secretary of State for Education. The Chief Executive Officer 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:

Trustee	Meetings attended	Out of a Possible
J Green - Chair	5	5
A J Kennedy	5	5
D Morris	5	5
R H Pogson	5	5
S J Lloyd	4	5
L Wainscot	5	5
J A Wade	5	5
P E Law	4	5
R Medwell	2	2
D J Briggs	1	3

Governance Review

An annual self review of governance has been performed as defined by the National College for Teaching and Leadership. The results of this review has identified the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the headteacher of each DMAT academy is held to account for the education of performance of the
- the financial performance of the academy is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

The Academy Trust intends to carry out its next self evaluation during 2016/17 academic year.

Review of Value for Money

As accounting officer, the Chief Executive Officer of the DMAT has responsibility for ensuring that the DMAT 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 DMAT'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 available. The accounting officer for the DMAT has delivered improved value for money during the year in the following ways:

- The academy conversion process has been brought in house. This has not only reduced the costs but has allowed the Trust to build closer links and engage with staff at the new academies to support rapid improvement at an earlier stage. For the two most recent schools systems were in place and support for leadership, HR and recruitment for example was on-going even before conversion.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Review of Value for Money (cont'd)**

- At Harris Church of England Academy a decline in pupil numbers necessitated a reassessment of staffing and management structures. A full review was undertaken and significant cost savings and efficiencies were made to ensure that a robust and appropriate structure was in place to support the academy moving forward. This was achieved with minimal disruption to the teaching and learning environment at the academy.
- A full tender process was undertaken to review catering provision at the academies within the DMAT. The focus of the tender process was on ensuring the quality of food and service as well as any potential cost savings.

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 the DMAT's 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 DMAT for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees is reviewing the key risks to which the DMAT is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the DMAT's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is reviewed regularly by the board of trustees.

The Risk and Control Framework

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint two internal auditors, Warwickshire Education Services for the former schools transferred from Coventry City Council and Coventry Education Services for the schools transferred from Warwickshire City Council.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

The internal auditors role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. In particular the checks carried out in the current period included:

- Review of Payroll Approval – the majority of academies were compliant with one or two samples not clearly identifying HT signature. These have now been corrected and are compliant.
- Review of Academy Governance (VFM statement) – it was recommended that all academies adopt the DMAT VFM statement. This has now been implemented.
- Assessment of Controls around purchasing through petty cash - the majority of academies had no issues to report. There was a small recommendation regarding separate VAT receipts for personal purchases.

On a termly basis, the internal auditors will provide reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities. During the year the internal auditors have identified a number of control weaknesses with recommendations for improvement, which the management and trustees of the MAT will action as soon as possible during 2016/17.

Review of Effectiveness

As Accounting Officer of the DMAT, the Chief Executive Officer 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 auditors;
- the work of the external auditor;
- the financial management and governance self assessment process; and
- the work of the executive managers within the DMAT 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 board of trustees 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 12 December 2016 and signed on its behalf by:

J Green
Chair of Trustees



D Morris
Chief Executive Officer



STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of The Diocese of Coventry Multi-Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 the EFA.



D Morris
Chief Executive Officer

12 December 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of the DMAT and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the DMAT's transactions and disclose with reasonable accuracy at any time the financial position of the DMAT 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 DMAT applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12 December 2016 and signed on its behalf by:



J Green
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of the DMAT for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. 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" and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who are also the directors of the DMAT 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the multi academy trusts circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the DMAT's affairs as at 31 August 2016 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- 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.



Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

12 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 24 May 2016 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the DMAT during the period 1 September 2015 to 31 August 2016 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 DMAT and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 DMAT and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Diocese of Coventry Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the DMAT's funding agreement with the Secretary of State for Education dated 26 March 2013, and the Academies Financial Handbook extant from 1 September 2014 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2015 to 2016 issued by the EFA. 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.

Summary of the work undertaken was as follows:


- Analytical review of the DMAT's general activities are within the multi academy trusts framework of authorities;
- Consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DIOCESE OF COVENTRY MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Approach (con't)**

- Review of the general control environment for the DMAT on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the multi academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the multi academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees; and
- Review of income received in accordance with the activities permitted within the multi academy trust's charitable objectives.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Handwritten signature of UHY Hacker Young (Birmingham) LLP.

Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

12 December 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016
(Including Income and Expenditure Account)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2016	2015
		£'000	Funds	Asset	£'000	£'000
			£'000	Funds		
Income from:						
Donations and capital grants	3	135	26	2,280	2,441	1,519
Transferred from local authority on conversion	3	85	(90)	1,237	1,232	9,445
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	18,027	-	18,027	15,090
Other trading activities	5	442	-	-	442	305
Investment income	6	11	-	-	11	7
Total		673	17,963	3,517	22,153	26,366
Expenditure on:						
Raising funds	7	230	-	-	230	257
Charitable activities:						
- Academy trust's educational operations	7	304	18,140	967	19,411	15,751
Total		534	18,140	967	19,641	16,008
Net income/(expenditure)		139	(177)	2,550	2,512	10,358
Transfers between funds	18	(59)	(86)	145	-	-
Other recognised gains and losses						
Change in recognition of LGPS interest cost	32	-	-	-	-	60
Actuarial loss on defined benefit pension schemes	28	-	(3,652)	-	(3,652)	(109)
Net movement in funds		80	(3,915)	2,695	(1,140)	10,309
Reconciliation of funds						
Total funds brought forward	18	1,581	(5,932)	47,672	43,321	33,012
Total funds carried forward	18	1,661	(9,847)	50,367	42,181	43,321

All of the DMAT's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	14	<u>50,367</u>	<u>47,672</u>
		<u>50,367</u>	<u>47,672</u>
Current assets			
Debtors	15	683	675
Cash at bank and in hand		<u>4,199</u>	<u>4,911</u>
		<u>4,882</u>	<u>5,586</u>
Current liabilities			
Creditors: Amounts falling due within one year	16	<u>(1,998)</u>	<u>(3,112)</u>
Net current assets		<u>2,884</u>	<u>2,474</u>
Total assets less current liabilities		53,251	50,146
Creditors: Amounts falling due after more than one year	17	(31)	(34)
Net assets excluding pension liability		<u>53,220</u>	<u>50,112</u>
Defined benefit pension scheme liability	28	(11,039)	(6,791)
Total Net Assets		<u>42,181</u>	<u>43,321</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	18	50,367	47,672
- Restricted income fund	18	1,192	859
- Pension reserve	18	<u>(11,039)</u>	<u>(6,791)</u>
Total Restricted Funds		<u>40,520</u>	<u>41,740</u>
Unrestricted income fund	18	1,661	1,581
Total Unrestricted Funds		<u>1,661</u>	<u>1,581</u>
Total Funds		<u>42,181</u>	<u>43,321</u>

The financial statements on pages 25 to 27 were approved by the trustees and authorised for issue on 12 December 2016 and signed on their behalf by:


 J Green
 Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(575)	2,310
Cash flows from investing activities	23	(134)	(76)
Cash flows from financing activities	24	(3)	34
Change in cash and cash equivalents in the reporting period		<u>(712)</u>	<u>2,268</u>
Cash and cash equivalents at 1 September 2015		4,911	2,643
Cash and cash equivalents at 31 August 2016	25	<u><u>4,199</u></u>	<u><u>4,911</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**1 Statement of Accounting Policies: Basis of preparation****First time adoption of FRS 102**

These financial statements are the first financial statements of the DMAT prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the DMAT for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 32.

Transfer of State Maintained School to a Multi Academy Trust

The transfer of a state maintained schools to the DMAT involved the transfer of identifiable assets and liabilities and the operation of the school for nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the Local Authority to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Diocese of Coventry Multi-Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding net amount recognised as a net gain/loss in the Statement of Financial Activities and analysed as donations transferred from local authority on conversion. Further details of the transactions are set out in note 30.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

Capital grants are recognised when receivable 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 sheet in creditors; amounts falling due within one year in deferred income.

- **Sponsorship income**

Sponsorship income provided to the DMAT which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

- **Donations**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

- **Other income**

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

- **Donated goods, facilities and services**

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

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

- **Transfers of leasehold property**

Leasehold property transferred to the DMAT from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing **£1,000** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Tangible Fixed Assets (cont'd)

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture and equipment	25%
Computer equipment and software	33.33%
Motor vehicles	20%

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

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

Leased assets

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

Taxation

The DMAT 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 28, 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 DMAT 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 the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The DMAT 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 28, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the DMAT's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the DMAT was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. (See note 18)

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Devolved formula capital grant	-	62	62	51
CIF grant	-	984	984	656
ACMF	-	14	14	712
CCC fixed assets donation	-	-	-	2,092
WCC fixed assets donation	-	2,080	2,080	8,741
CCC prior years surplus b/fwd	-	-	-	136
WCC prior years surplus b/fwd	85	-	85	246
CCC LGPS pension deficit transferred	-	-	-	(382)
WCC LGPS pension deficit transferred	-	(90)	(90)	(1,388)
SCA Grant	-	285	285	-
School fund	-	26	26	33
Donations	135	-	135	67
Other capital grants	-	92	92	-
	<u>220</u>	<u>3,453</u>	<u>3,673</u>	<u>10,964</u>

The income from donations and capital grants was £3,673,000 (2015 : £10,964,000) of which £220,000 (2015 : £449,000) was unrestricted, £64,000 deficit (2015 : £1,737,000 deficit) on restricted and £3,517,000 (2015 : £12,252,000) restricted fixed assets.

4 FUNDING FOR THE DMAT'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA grants				
General annual grant (GAG) (note 2)	-	14,934	14,934	13,138
Rates relief	-	40	40	-
Insurance top-up	-	22	22	-
Start up grant	-	5	5	48
School improvement grant	-	-	-	90
Pupil premium grant	-	1,456	1,456	986
Year 7 catch up	-	14	14	10
SCA Grant	-	10	10	-
PE and sports grant	-	99	99	76
UIFSM grant	-	215	215	172
Conversion grant	-	-	-	75
Summer school grant	-	-	-	4
	<u>-</u>	<u>16,795</u>	<u>16,795</u>	<u>14,599</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

4 FUNDING FOR THE DMAT'S EDUCATIONAL OPERATIONS (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Other Government grants				
Teach first	-	10	10	9
Special needs grant - WCC	-	164	164	171
Special needs grant - CCC	-	25	25	6
Special needs grant - NCC	-	6	6	6
Special needs grant - WORC CC	-	12	12	-
Pupil premium grant - BCC	-	2	2	-
Pupil premium grant - LCC	-	1	1	-
Pupil premium grant - WORC CC	-	1	1	-
Pupil premium grant - WCC	-	45	45	47
Pupil premium grant - CCC	-	11	11	38
Class size funding grant - CCC	-	-	-	39
Early years funding grant - CCC	-	46	46	74
Early years funding grant - WCC	-	237	237	31
High needs top up grant - CCC	-	5	5	12
High needs top up grant - WCC	-	59	59	-
Apprentice Funding - Warks College	-	-	-	6
Big Lottery grant	-	16	16	13
Children Centre grant - WCC	-	207	207	34
2 Help Funding - WCC	-	100	100	-
Other Grants - WCC	-	5	5	-
Area Behavioural Panel - WCC	-	108	108	-
Skills for Employment Grant (WCC)	-	3	3	-
Additional growth funding grant - WCC	-	98	98	5
	-	1,161	1,161	491
Other income from the academy trust's educational operations	-	71	71	-
	-	18,027	18,027	15,090

The income from the academy trusts's educational operations was restricted for both 2016 and 2015.

5 OTHER TRADING ACTIVITIES

Lettings income	36	-	36	20
Sports Centre income	81	-	81	71
School Sports Partnership income	149	-	149	132
Sundry income	106	-	106	29
EWE club income	52	-	52	50
Nursery fees	18	-	18	3
	442	-	442	305

The income from the academy trusts's other trading activities was unrestricted for both 2016 and 2015.

6 INVESTMENT INCOME

Bank interest received	10	-	10	7
Dividend income	1	-	1	-
	11	-	11	7

The income from the academy trusts's investment income was unrestricted for both 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

7 EXPENDITURE

	Staff Costs	Non Pay Expenditure		Total 2016 £'000	Total 2015 £'000
		Premises	Other Costs		
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	172	10	48	230	257
Academy's educational operations					
. Direct costs	11,969	-	1,263	13,232	9,552
. Allocated support costs	2,832	1,860	1,487	6,179	6,199
	<u>14,801</u>	<u>1,860</u>	<u>2,750</u>	<u>19,411</u>	<u>15,751</u>
	<u>14,973</u>	<u>1,870</u>	<u>2,798</u>	<u>19,641</u>	<u>16,008</u>

The expenditure was £19,641,000 (2015 : £16,008,000) of which £534,000 (2015 : £375,000) was unrestricted, £18,140,000 (2015 : £14,874,000) restricted and £967,000 (2015 : £759,000) restricted fixed assets.

Net income/(expenditure) for the year includes:

	£'000	£'000
Operating leases rentals	48	51
Depreciation	967	759
Fees payable to auditor for:		
- audit	39	36
- other services	8	10

8 CHARITABLE ACTIVITIES

	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	13,232	9,552
Support costs - educational operations	6,179	6,199
	<u>19,411</u>	<u>15,751</u>

Analysis of Support Costs

	2016 £'000	2015 £'000
Support staff costs	2,832	2,880
Depreciation	967	759
Technology costs	161	161
Premises costs	893	686
Other support costs	1,077	1,371
Governance	249	342
	<u>6,179</u>	<u>6,199</u>

9 STAFF COSTS

a Staff costs

Staff costs during the year were:

	2016 £'000	2015 £'000
Wages and salaries	10,920	8,859
Social security costs	787	575
Operating costs of defined benefit pension schemes	2,365	1,796
	<u>14,072</u>	<u>11,230</u>
Supply staff costs	750	658
Staff restructuring costs	151	139
	<u>14,973</u>	<u>12,027</u>

Staff restructuring costs comprise:

	2016 £'000	2015 £'000
Redundancy payments	118	63
Severance payments	33	76
	<u>151</u>	<u>139</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

9 STAFF COSTS (cont'd)**b Staff severance payments**

Included in staff restructuring costs are non statutory/non contractual severance payments totalling £32,700 (2015:£75,721) Individually the payments were for £10,500, £2,500, £5,000, £6,000 and £8,700.

c Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the year ended 31 August 2016 expressed as full time equivalents was as follows:

	2016	2015
	No	No
Charitable Activities		
Teachers	150	135
Administration and support	228	223
Management	48	53
	<u>426</u>	<u>411</u>

d Higher paid staff

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

	2016	2015
	No	No
£60,001 - £70,000	1	1
£70,001 - £80,000	3	-
£80,001 - £90,000	<u>1</u>	<u>1</u>

e Key management personnel

The key management of the DMAT comprise the trustees and the senior management team as listed on pages 3 & 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,358,316 (2015: £991,976).

10 CENTRAL SERVICES

The DMAT has provided the following central services to Stretton Church of England Academy, St Laurence's Church of England Primary School, St Bartholomew's Church of England Academy, Queens Church of England Primary School, Harris Church of England Academy, St James's Church of England Academy, St Nicolas Church of England Primary School, Studley St Mary's Church of England Academy, St John's Church of England Academy, St Michael's Church of England Academy, St Oswald's Church of England Academy and Leamington Hastings Church of England Academy.

- human resources;
- financial services;
- legal services;
- educational support services; and
- accounting services.

The DMAT charges for these services a flat percentage of 5% of all GAG and ESG income. An additional one off charge was also made for any academies joining the DMAT during the year for consultancy services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

11 CENTRAL SERVICES (cont'd)

The actual amounts charged during the year were as follows:

	2016 £'000	2015 £'000
Stretton Church of England Academy	48	49
St Laurence's Church of England Primary School	88	88
St Bartholomew's Church of England Academy	72	70
Queens Church of England Academy	39	33
Harris Church of England Academy	196	209
St James Church of England Academy	41	42
St Nicolas Church of England Academy	71	65
Studley St Mary's Church of England Academy	43	40
St John's Church of England Academy	41	41
St Michael's Church of England Academy	57	15
St Oswald's Church of England Academy	40	12
Leamington Hastings Church of England Academy	15	-
	751	664

12 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the DMAT. The Chief Executive Officer receives remuneration in respect of this services provided undertaking the role of Chief Executive Officer and not in respect of services as a trustee. Other trustees did not receive any payments, other than expenses, from the DMAT in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

D Morris (Chief Executive Officer)		
Remuneration	£80,000 - £85,000	(2015: £65,000 - £70,000)
Employers pension contributions	£0 - £5,000	(2015: £nil)

During the year ended 31 August 2016, travel and subsistence expenses totalling £6,403 were reimbursed or paid directly to 1 trustee (2015: £6,204 to 1 trustee).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

13 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 2016 was £989 (2015: £933). The cost of this insurance is included in the total insurance cost.

14 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Assets Under Construction £'000	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 September 2015	47,653	173	909	60	52	48,847
Transfer on conversion	1,237	-	-	-	-	1,237
Additions	1,859	234	247	59	26	2,425
Transfers	173	(173)	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>50,922</u>	<u>234</u>	<u>1,156</u>	<u>119</u>	<u>78</u>	<u>52,509</u>
Depreciation						
At 1 September 2015	1,054	-	108	5	8	1,175
Charged in year	793	-	129	33	12	967
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>1,847</u>	<u>-</u>	<u>237</u>	<u>38</u>	<u>20</u>	<u>2,142</u>
Net book value						
At 31 August 2016	<u>49,075</u>	<u>234</u>	<u>919</u>	<u>81</u>	<u>58</u>	<u>50,367</u>
At 31 August 2015	<u>46,599</u>	<u>173</u>	<u>801</u>	<u>55</u>	<u>44</u>	<u>47,672</u>

Where the DMAT occupies the land and buildings under a licence from the Church of England no interest in the sites pass to the DMAT. However, in accordance with FRS 102 and the Academy Accounts Direction 2015/16 the commercial substance of the transaction takes precedence over the legal form. As a result any land and buildings occupied under license by the DMAT and owned by the Church of England are recognised on the academy trust balance sheet for the future economic benefits that are expected to flow from the use of such properties.

The majority of the DMAT's leasehold land and buildings were donated to the DMAT by Coventry City Council (CCC) and Warwickshire County Council (WCC) on 125 year leases at a peppercorn rent. An existing use valuation and useful asset life assessment was prepared in accordance with the requirements of the accounting standard FRS 102 for each of the academy's that converted. The leasehold land and buildings gifted had a depreciated replacement cost value for: Stretton Church of England Academy £2,097,000; St Laurence's Church of England Primary School £2,354,000; St Bartholomew's Church of England Academy £4,618,000; Queens Church of England Academy £1,167,000; Harris Church of England Academy £16,615,000; St James Church of England Academy £2,770,000; St Nicolas Church of England Academy £3,676,600; Studley St Mary's Church of England Academy £2,504,000; St John's Church of England Academy £2,092,000; St Michael's Church of England Academy £5,745,000, St Oswald's Church of England Academy £2,996,000 and Leamington Hastings Church of England Academy £1,237,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

	2016 £'000	2015 £'000
15 DEBTORS		
Trade debtors	51	18
VAT recoverable	113	202
Other debtors	422	352
Prepayments	97	103
	<u>683</u>	<u>675</u>
16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank overdraft	-	27
Trade creditors	379	658
Taxation and Social Security	469	271
Other creditors	6	92
Accruals	596	610
Deferred income	548	1,454
	<u>1,998</u>	<u>3,112</u>
Deferred Income	2016	2015
	£'000	£'000
Deferred income at 1 September 2015	1,454	308
Resources deferred in the year	548	1,454
Amounts released from previous years	(1,454)	(308)
Deferred income at 31 August 2016	<u>548</u>	<u>1,454</u>

At the balance sheet date the DMAT was holding funds received in advance for 2016/17 by Central Services: £9,668 (2015: £nil); St Laurence's Church of England Primary School: £28,418 (2015: £114,428) Stretton Church of England Academy £39,115 (2015 : £262,616); Harris Church of England Academy £137,180 (2015 : £192,069); Queens Church of England Academy £54,332 (2015: £186,035); St Bartholomew's Church of England Academy £31,777 (2015 : £49,278); St James Church of England Academy: £nil (2015: £230,349); St Nicolas Church of England Academy: £50,797 (2015: £173,484), Studley St Mary's Church of England Academy: £8,106 (2015: £31,449); St John's Church of England Academy £43,441 (2015: £197,086), St Michael's Church of England Academy £100,088 (2015: £17,216), St Oswalds £26,474 (2015: £nil and Leamington Hastings Church of England Academy £18,754. For terms of the Salix loan please see note 17.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

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

	2016 £'000	2015 £'000
Salix loan	<u>31</u>	<u>34</u>

In 2015 the DMAT took out EFA approved, interest free Salix loans for: St Bartholomew's Church of England Academy £18,157 (2015:£20,949); St James Church of England Academy £6,992 (2015:£6,992) and Studley St Mary's Church of England Academy £5,375 (2015:£6,203) payable over 8 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

18 FUNDS

The income funds of the academy applied for specific purposes are as follows:

	Balance at 1 September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds	741	14,934	(14,491)	(86)	1,098
General annual grant (GAG) (note i)					
Conversion grant (note ii)	-	-	-	-	-
Start up grant (note iii)	-	5	(5)	-	-
School improvement grant (note iv)	51	-	(27)	-	24
Pupil premium grant (note v)	2	1,456	(1,458)	-	-
Area Behavioural Panel - WCC (note vi)	-	108	(108)	-	-
PE and sports grant (note vii)	-	99	(99)	-	-
Year 7 catch up (note viii)	-	14	(14)	-	-
Teach first (note ix)	-	10	(10)	-	-
UIFSM grant (note x)	-	215	(215)	-	-
Insurance top-up	-	22	(22)	-	-
Rates relief	-	40	(40)	-	-
Special needs grant - WCC (note xi)	-	164	(164)	-	-
Special needs grant - CCC (note xi)	-	25	(25)	-	-
Special needs grant - NCC (note xi)	-	6	(6)	-	-
Special needs grant - WORC CC (note xi)	-	12	(12)	-	-
Pupil premium grant - CCC (note v)	-	11	(11)	-	-
Pupil premium grant - WCC (note v)	-	45	(45)	-	-
Pupil premium grant - BCC (note v)	-	2	(2)	-	-
Pupil premium grant - LCC (note v)	-	1	(1)	-	-
Pupil premium grant - WORC CC (note v)	-	1	(1)	-	-
High needs top up - CCC (note xii)	-	5	(5)	-	-
High needs top up - WCC (note xii)	-	59	(59)	-	-
Early years funding grant - CCC (note xiii)	-	237	(237)	-	-
Early years funding grant - WCC (note xiii)	-	46	(46)	-	-
SCA Revenue (note xiv)	-	10	(10)	-	-
Children Centre grant - WCC (note xv)	-	307	(307)	-	-
Additional growth funding grant - WCC	-	98	(98)	-	-
Big lottery grant (note xvi)	-	16	(16)	-	-
School funds (note xviii)	65	26	(21)	-	70
Skills for employment grant - WCC (note xxiii)	-	3	(3)	-	-
Other grants - WCC (note xxiv)	-	5	(5)	-	-
Other grants - non-government (note xxv)	-	71	(71)	-	-
Total general funds carried forw'd	859	18,053	(17,634)	(86)	1,192

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

18 FUNDS (Continued)

The income funds of the academy applied for specific purposes are as follows:

	Balance at 1 September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2016 £'000
Total general funds brought forw'd	859	18,053	(17,634)	(86)	1,192
Restricted fixed asset funds					
Fixed assets donation - CCC (note xix)	10,805	-	(181)	-	10,624
Fixed assets donation - WCC (note xix)	34,842	2,080	(583)	(30)	36,309
Devolved formula capital grant (note xx)	27	62	(15)	17	91
ACMF - capital (note xx)	1,252	14	(127)	-	1,139
CIF grant (note xxii)	653	984	(51)	13	1,599
Capital expenditure from GAG (note xx)	51	-	(5)	168	214
Capital expenditure from unrestricted funds	42	-	(4)	(23)	15
SCA grant (note xx)	-	285	-	-	285
Other capital grants (note xx)	-	92	(1)	-	91
Total fixed asset funds	47,672	3,517	(967)	145	50,367
Restricted pension scheme liability					
Pension reserve (note xxi)	(6,791)	(90)	(506)	(3,652)	(11,039)
	(6,791)	(90)	(506)	(3,652)	(11,039)
Total restricted funds	41,740	21,480	(19,107)	(3,593)	40,520
Unrestricted funds					
Unrestricted funds	157	383	(197)	(15)	328
CCC prior years surplus b/fwd	469	-	-	-	469
WCC prior years surplus b/fwd	670	141	(123)	(44)	644
School Sports Partnership funds	228	149	(157)	-	220
WCC Children's centre	57	-	(57)	-	-
Total unrestricted funds	1,581	673	(534)	(59)	1,661
Total funds	43,321	22,153	(19,641)	(3,652)	42,181

Notes

- i) GAG must be used for the normal running costs of the DMAT. Under the funding agreement with the Secretary of State, the DMAT was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2016. (see note 2)
- ii) Conversion grant has been used to acquire professional support and materials to support the start up costs of various academies.
- iii) Start up grant has been used to acquire stocks of teaching and learning materials and to support the start up costs of various academies.
- iv) School improvement grant has been used to provide leadership support, curriculum redesign and staff restructuring.
- v) Pupil premium grant has been used to support children from low income families placed in the MAT.
- vi) Area behavioural panel monies have been used for managing challenging students.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

18 FUNDS (Continued)

Notes

- vii) PE and Sports grant has been used for enhancing sports facilities and supporting the teaching of sport.
- viii) Year 7 catch up grant has been used to provide additional support in reading and/or maths not achieving level 4.
- ix) Teach first grant has been received from Teach First to support the training of new teachers.
- x) Universal infant free school meals funding has been received from EFA to provide free school meals to all school pupils.
- xi) Special needs grant has been used to support enhanced learning for children with special educational needs.
- xii) High needs top up grant has been used to support the enhanced learning for children with special educational needs.
- xiii) Early years funding has been used to provide teaching support for younger children.
- xiv) SCA revenue has been used for repairs and renewals to playgrounds.
- xv) Grant funding has been used to support the operations of the childrens centre and activities.
- xvi) Big lottery fund grants have been received to support specific activities of the school in the community.
- xvii) Apprentice funding has been received from Warwick College to fund apprentice posts.
- xviii) School funds are contributions received from parents which are used to support the DMAT's activities.
- xix) Restricted fixed assets were funded by Coventry City Council and Warwickshire County Council donating academy land and buildings on a 125 year lease at a pepper corn rent.
- xx) Restricted fixed asset additions were funded by government grants and transfers from restricted and unrestricted funds.
- xxi) The pension reserve represents the deficit on the LGPS. (see note 28)
- xxii) Capital improvement funding received from EFA for specific capital expenditure at schools.
- xxiii) Skills for employment grant have been used to provide specific support to secondary pupils to prepare them for employment.
- xxiv) Other local authority grants have been used for educational materials
- xxv) Non government grants have been used for the purpose awarded.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

18 FUNDS (Continued)

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2016 were allocated as follows:

	2016 £'000	2015 £'000
Stretton Church of England Academy	244	215
St Laurence's Church of England Primary School	455	275
St Bartholomew's Church of England Academy	485	491
Queens Church of England Academy	123	72
Harris Church of England Academy	927	793
St James Church of England Academy	103	45
St Nicolas Church of England Academy	78	67
Studley St Mary's Church of England Academy	107	60
St John's Church of England Academy	146	122
St Michael's Church of England Academy	(59)	170
St Oswald's Church of England Academy	58	89
Leamington Hastings Church of England Academy	34	-
Central services	152	41
Total before fixed assets and pension reserve	<u>2,853</u>	<u>2,440</u>
Restricted fixed assets fund	50,367	47,672
Pension reserve	(11,039)	(6,791)
	<u>39,328</u>	<u>40,881</u>
Total	<u>42,181</u>	<u>43,321</u>

St Michael's Church of England Academy is carrying a net deficit of £58,938 because of staff restructuring costs incurred during the latter part of the summer term. These non-recurrent restructuring costs were necessary to reduce recurrent staffing costs and therefore protect the longer term viability of the academy. The academy plans to return to a surplus position for the 2016/17 financial year.

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Deprec'n) £'000	Total £'000
Stretton	771	157	102	98	1,128
St Laurence's	1,195	215	138	322	1,870
St Bartholomew's	1,228	117	93	229	1,667
Queens	570	163	89	127	949
Harris	2,671	747	405	609	4,432
St James	603	101	31	98	833
St Nicolas	1,072	209	61	202	1,544
Studley St Mary's	678	107	71	100	956
St John's	678	50	33	159	920
St Michael's	1,489	348	143	263	2,243
St Oswald's	737	112	82	136	1,067
Leamington Hastings	277	41	15	77	410
Central services	-	465	-	190	655
DMAT	<u>11,969</u>	<u>2,832</u>	<u>1,263</u>	<u>2,610</u>	<u>18,674</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015 (cont'd)

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted	Pension	School Fund	General	Fixed Assets	Total
	Funds	Restricted	Restricted	Restricted	Restricted	
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed	-	-	-	-	50,367	50,367
Current assets	1,661	-	70	3,494	-	5,225
Current liabilities	-	-	-	(2,341)	-	(2,341)
Non-current liabilities	-	-	-	(31)	-	(31)
Pension scheme liability	-	(11,039)	-	-	-	(11,039)
	<u>1,661</u>	<u>(11,039)</u>	<u>70</u>	<u>1,122</u>	<u>50,367</u>	<u>42,181</u>

20 CAPITAL COMMITMENTS

	2016	2015
	£'000	£'000
Contracted for, but not provided in the financial statements	199	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>Nil</u>

21 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2016 the total of the DMAT's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	Other	Other
	£'000	£'000
Operating leases which expire:		
Within one year	30	46
Within two to five years	29	49
	<u>59</u>	<u>95</u>

22 RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£'000	£'000
Net income for the reporting period (as per the statement of financial activities)	2,512	10,358
Adjusted for:		
Depreciation (note 14)	967	759
Fixed assets donation	(2,080)	(10,833)
LGPS pension deficit transfer	90	1,770
Capital grants from DfE and other capital income	(1,437)	(1,419)
Interest receivable	(11)	(7)
Defined benefit pension scheme cost less contributions payable (note 28)	241	154
Defined benefit pension scheme finance cost (note 28)	265	203
(Increase)/decrease in debtors	(8)	11
Increase/(decrease) in creditors	(1,114)	1,314
Net cash (used in)/provided by operating activities	<u>(575)</u>	<u>2,310</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

23 CASH FLOWS FROM INVESTING ACTIVITIES

	2016	2015
	£'000	£'000
Interest received	11	7
Purchase of tangible fixed assets	(1,582)	(1,502)
Capital grants from DfE/EFA	1,060	1,419
Capital funding received from sponsors and others	377	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(134)	(76)

24 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	(3)	-
Cash inflows from new borrowing	-	34
Net cash (used in)/provided by financing activities	(3)	34

25 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2016	At 31 Aug 2015
	£'000	£'000
Cash in hand and at bank	4,199	4,911
Total cash and cash equivalents	4,199	4,911

26 CONTINGENT LIABILITIES

During the period of the funding agreement between the DMAT and the Secretary of State, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the DMAT is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the DMAT serving notice, the DMAT is obliged to repay to the Secretary of State sums determined by reference to :

- a) the value at that time of the DMAT's sites and premises and other assets held for the purpose of the DMAT; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

27 MEMBERS' LIABILITY

Each member of the DMAT undertakes to contribute to it's assets 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 PENSION AND SIMILAR OBLIGATIONS

The DMAT's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Warwickshire County Council Pension Fund and West Midlands Pension Fund. Both are defined benefit schemes.

As described in note 27 the LGPS obligation relates to the employees of the DMAT, 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 multi academy trust at the balance sheet date.

The total pension cost to the DMAT during the year ended 31 August 2016 was £2,365,000 (2015:£1,796,109) of which £973,000 (2015: £718,109) relates to the TPS and £1,392,000 (2015:£1,078,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme**Introduction**

The 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

Not less than every four years 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 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 DFE on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 PENSION AND SIMILAR OBLIGATIONS (cont'd)

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined as employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers costs paid to TPS in the period amounted to £973,000 (2015: £718,109).

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2016 was £1,632,000 (2015: £1,318,000) of which employers contributions totalled £1,392,000 (2015: £1,078,000) and employees contributions totalled £240,000 (2015: £189,000). The agreed employers contributions for future years are 17.6% (2015: 18.6%) for Stretton Church of England Academy, 19.6% (2015: 15.6%) for St Laurence's Church of England Primary School, 18.7% (2015: 16.6%) for St Bartholomew's Church of England Academy, 22.5% (2015: 22.0%) for Queens Church of England Academy, 22.5% (2015: 22.0%) for Harris Church of England Academy, 22.5% (2015: 22.0%) for St James Church of England Academy School, 22.5% (2015: 22.0%) for St Nicolas Church of England Academy, 22.5% (2015: 22.0%) for Studley St Mary's Church of England Academy, 20.7% (2015: 18.2%) for St John's Church of England Academy, 22.5% (2015: 22.0%) for St Michael's Church of England Academy, 22.5% (2015: 22.0%) for St Oswald's Church of England Academy, 22.5% (2015: 22.0%) for Leamington Hastings Church of England Academy and 22.0% (2015: 19.7%) for The Diocese of Coventry Administration Centre. The agreed contributions for employees are 5.8% (2015: 5.8%).

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2016 % per annum	At 31 August 2015 % per annum
Discount rate	2.1%	3.7%
Salary increases	3.9%	4.5%
Pension increase	2.2%	2.6%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2016	At 31 August 2015
	Approx	Approx
	Change to Employers	Change to Employers
	Liability	Liability
	£'000	£'000
Discount rate reduced by 0.5% per annum	2,245	1,414
Life expectancy at retirement increased by 1 year	516	331

The mortality assumptions used were as follows:

	At 31 August 2016	At 31 August 2015
	years	years
Longevity at age 65 retiring today		
- Men	22.6	22.4
- Women	24.8	24.7
Longevity at age 65 retiring in 20 years		
- Men	24.6	24.3
- Women	27.1	26.6

The DMAT's share of the assets in the scheme were:

	Fair value at	Fair value at
	31 August	31 August
	2016	2015
	£'000	£'000
Equity instruments	4,194	2,854
Debt instruments	1418	994
Property	683	514
Cash	131	78
Other	129	77
Total market value of assets	6,555	4,517
Present value of scheme liabilities		
- Funded	(6,555)	(4,517)
- Unfunded	(11,039)	(6,791)
Total liabilities	(17,594)	(11,308)
Deficit in the scheme	(11,039)	(6,791)

The actual return on the scheme assets in the year was £957,000 (2015:£148,000).

Amounts recognised in the Statement of Financial Activities

	2016	2015
	£'000	£'000
Current service cost	1,127	875
Interest cost	265	203
Total operating charge	1,392	1,078

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 PENSION AND SIMILAR OBLIGATIONS (Continued)

	2016	2015
	£'000	£'000
Changes in deficit during the year		
Balance at 1 September 2015	6,791	4,615
Balance at admission date	90	1,770
Movement in year:		
- Employer service cost (net of employee contributions)	1,127	875
- Employer contributions	(886)	(721)
- Expected return on scheme assets	(194)	(123)
- Interest cost	459	326
- Losses on curtailments	-	-
- Actuarial losses	3,652	49
Deficit in the scheme at 31 August 2016	11,039	6,791
Changes in the present value of defined benefit obligations were as follows:	2016	2015
	£'000	£'000
Balance at 1 September 2015	11,308	7,378
Scheme liabilities at admission date	133	2,595
Current service cost	1,127	875
Interest cost	459	326
Contributions by scheme participants	240	189
Benefits paid	(88)	(97)
Losses on curtailment	-	-
Actuarial losses	4,415	42
Scheme liabilities at 31 August 2016	17,594	11,308
Changes in the fair value of the DMAT's share of scheme assets:	2016	2015
	£'000	£'000
Balance at 1 September 2015	4,517	2,763
Fair value of scheme assets at admission date	43	825
Expected return on scheme assets	194	123
Actuarial losses	763	(7)
Contributions by employer	886	721
Benefits paid	(88)	(97)
Contributions by scheme participants	240	189
Fair value of scheme assets at 31 August 2016	6,555	4,517

The estimated value of employer contributions for the year ended 31 August 2017 is £934,000 (2016: £902,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

29 RELATED PARTY TRANSACTIONS

Owing to the nature of the DMAT's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the DMAT's financial regulations and normal procurement procedures.

The DMAT made the following purchases at arms' length in accordance with the financial regulations, which the following related parties below neither participated in, nor influenced. In entering into the transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Mr L Rowan (Governor, St James Church of England Academy) is secretary of Bulkington Junior Football Club, who rent out St James' pitches. Transactions during the year with Bulkington Junior Football Club by St James Church of England Academy totalled £678 (2015: £1,548) and the balance outstanding at 31 August 2016 was £nil (2015: £nil).

Mr S Farmer (Governor, Queens Church of England Primary Academy) is a director of Dare2Dream Foundation CIC who provided Teambuilding, parental development, communication self Esteem and confidence workshops. Transactions during the year totalled £10,100 (2015: £6,790) and the balance outstanding at 31 August 2016 was £nil (2015: £nil).

Mr R Tromans (Governor, St. Nicolas Church of England Academy) is a councillor at Nuneaton and Bedworth Borough Council whom the school pay for non domestic rates. Transactions for the year totalled £26,129 (2015: £12,066) and there was a balance outstanding of £nil at 31 August 2016 (2015: £2,075).

R Chattaway and C Covington (Governors, St. Michaels Church of England Academy) declared an interest in Warwickshire County Council (WCC) where close relatives are employed as councillors. WCC provide grant income for St Michaels Children's Centre, general maintenance and academy support services. Children's Centre grant income for the year totalled £211,863 (2015 £34,431) and services purchased for the year totalled £64,047 (2015: £6,301). The balance outstanding at 31 August 2016 was £nil (2015: £nil).

Mrs L Wainscott (Director and Member of the DMAT board) is an employee of the Diocesan Board of Education (DBE), the sponsoring organisation of the DMAT. The DMAT buys services from the DBE as part of a service level agreement. Transactions during the year totalled £57,211 (2015: £176,281) and the balance outstanding at 31 August 2016 was £3,288 (2015: £3,510).

School improvement support is purchased from the DBE, the sponsoring organisation of the MAT. Transactions during the year totalled £78,242 (2015: £83,354) and the balance outstanding at 31 August 2016 was £nil (2015: £nil).

30 CONVERSION TO AN ACADEMY TRUST

On 1 September 2015 the Leamington Hastings Church of England Academy converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the DMAT from Warwickshire County Council for nil consideration.

The transfer has been accounted for as a combination that is in subsistence 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/(loss) in the Statement of Financial Activities as donations transferred from local authority on conversion.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

30 CONVERSION TO AN ACADEMY TRUST (cont'd)

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.

	Unrestricted	Restricted	Restricted	Total
	Funds	General	Fixed	Funds
	£'000	Funds	Asset	£'000
	£'000	£'000	Funds	£'000
Leasehold land and buildings	-	-	1,237	1,237
Budget surplus on LA funds	85	-	-	85
LGPS pension deficit	-	(90)	-	(90)
Net assets / (liabilities)	85	(90)	1,237	1,232

The above net assets/liabilities include £85,000 (2015:£382,000) that were transferred as cash.

From 1 September 2015, during the year, the leasehold land and buildings were transferred on a 125 year lease at a peppercorn rent from Warwickshire County Council to the DMAT.

31 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

32 EXPLANATION OF TRANSITION TO FRS 102

It is the first year that the DMAT has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	1 September	31 August
	2014	2015
	£'000	£'000
Total funds under previous UK GAAP	33,012	43,321
Total funds reported under FRS 102	33,012	43,321
Reconciliation of net income/(expenditure)		31 August
		2015
		£'000
Net income/(expenditure) previously reported under UK GAAP		10,418
Change in recognition of LGPS interest cost		(60)
Net movement in funds reported under FRS 102		10,358

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**32 EXPLANATION OF TRANSITION TO FRS 102 (cont'd)****Explanation of the transitional adjustments**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2015 or 31 August 2016. The effect of the change has been to increase the debit to expense by £60,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.