

Crewe Multi Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2016

Company Registration Number:
09379253 (England and Wales)

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Crewe Multi Academy Trust

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Crewe Multi Academy Trust

Reference and Administrative Details

Members

Jasbir Dhesi – resigned 10/09/2015
Simon Yates
Gillian Taylor
Andrew Kent
South Cheshire College Corporation (Sponsor Body)

Trustees

Jasbir Dhesi
Patricia Bacon
Gillian Taylor
Andrew Kent
Fintan Bradley
Emma Hooley
Gillian Bremner

Senior Management Team

Chief Executive Officer	Jasbir Dhesi
Chief Financial Officer	Andrew Hubert
Head Teacher	Emma Hooley

Company Name

Crewe Multi Academy Trust

Company Registration Number

09379253 (England and Wales)

Independent Auditor

Mazars LLP
One St Peter's Square, Manchester, M2 3DE

Bankers

Barclays Bank PLC, PO Box 3333, One Snowhill, Snowhill
Queensway, Birmingham B3 2WN

Solicitors

Eversheds LLP, 70 Bridgewater St, Manchester M15ES

Registered office

South Cheshire College, Dane Bank Avenue, Crewe,
Cheshire, CW2 8AB

Crewe Multi Academy Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates The Oaks Academy for pupils aged 11 to 16 serving a catchment area in Crewe. It has a pupil capacity of 750 and had a roll of 492 in the school census on 6th October 2016. All admissions are via Cheshire East. As the Academy is not fully subscribed there are no selective criteria.

Structure, Governance and Management

Constitution

The academy was incorporated on 8 January 2015, in the name of Crewe Multi Academy Trust Limited, and commenced trading on 1 January 2016.

The academy trust is a company limited by guarantee (company number 09379253) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Crewe Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Crewe Multi Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 4.

Members' Liability

Each member of the charitable company 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 he/she ceases to be a member.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in accordance with the Instruments and Articles of the company. These are specifically:

- Article 50AA - The Members may appoint Staff Trustees through such process as they may determine
- Article 50A - The Sponsor Body may appoint Trustees through such process as they may determine
- Article 50B - The total number of Trustees including the Chief Executive Officer if they so choose to act as Trustee under Article 57 who are employees of the Academy Trust shall not exceed one third of the total number of Trustees
- Article 53 - In circumstances where the Trustees have not appointed Local Governing Bodies in respect of the Academies as envisaged in Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Articles 101a there shall be a minimum of two Parent Trustees or otherwise such number as the Members shall decide who shall be appointed or elected in accordance with Articles 54- 56

Crewe Multi Academy Trust

Trustees' Report

- Article 54 - Parent Trustees and Parent Local Governors shall be elected or, if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies, appointed (in accordance with the terms of reference determined by the trustees from time to time). The elected or appointed Parent Trustees must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies at the time when he is elected or appointed. The elected (or, if the number of parents or individuals exercising parental responsibility standing for election is less than the number of vacancies, appointed) Parent Local Governors of the Local governing Body must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies overseen by the Local governing Body at the time when he is elected or appointed
- Article 54AA - In the case of 16-19 Academies, reference to 'a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies' in Articles 54 shall be deemed to be references to 'a parent or an individual exercising parental responsibility of, a registered student at that 16-19 Academy' or, in circumstances where no parent, or an individual exercising parental responsibility, of a registered student at the 16-19 Academy is willing or able to act as a Parent Trustee or a Parent Local Governor, references to 'a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies' shall be deemed to be references to 'a parent, or an individual exercising parental responsibility, of a child of above compulsory school age but not above the age of 19
- Article 54A - The number of parent Trustees and Parent Local Governors required shall be made up by the parent Trustees and Parent Local governors appointed by the Trustees of the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies
- Article 55 - The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the parent Trustees or Parent Local governors, including any question of whether a person is a parent, or an individual exercising parental responsibility, of a registered pupil at one of the Academies. Any election of the Parent Trustees or Parent Local Governors which is contested shall be held by secret ballot. For the purposes of any election of Parent Local Governors, any parent, or an individual exercising parental responsibility, of a registered pupil at the Academies overseen by the Local governing Body shall be eligible to vote
- Article 56 - In appointing a Parent Trustee or Parent Local Governor the Trustees shall appoint a person who is the parent, or an individual exercising parental responsibility, of a registered pupil at an Academy as described in Articles 54 and 54AA, or where the Trustees are exercising their power to appoint a Parent trustee or Parent Local Governor and it is not reasonably practical to appoint a parent, or an individual exercising parental responsibility, as described in Articles 54 and 54AA, then the trustees may appoint a person who is a parent, or an individual exercising parental responsibility, of a child within the age range of at least one of the Academies or, in the case of an appointment to a Local governing Body, the age range of at least one of the Academies overseen by that Local Governing Body
- Article 57 - Providing the Chief Executive Officer agrees so to act, the Members may by ordinary resolution appoint the Chief Executive as a Trustee
- Article 58 - The Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee

Crewe Multi Academy Trust

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Training is provided by Clerk to new trustees on appointment. The training and induction provided for new trustees will depend on their existing experience.

All new trustees are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as trustee.

Organisational Structure

Crewe Multi Academy Trust has a trustee board and directors responsible for overseeing the strategy and performance of the academy. The senior management team are responsible for the implementation of strategy and the day to day operational activities of the academy. The Headteacher is responsible for the day to day running of the Academy.

Arrangements for Setting Pay and Remuneration

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the financial and operational performance. They make strategic decisions about the direction of the multi-academy trust, approving major items of expenditure and making senior staff appointments. The trustees set the pay and remuneration using the collective agreements as negotiated with national trades unions. Senior management remuneration is agreed annually by the members of the trust.

Related parties and co-operation with other organisations

South Cheshire College acts as sponsor to Crewe Multi Academy Trust. Where economically feasible and in the best interests of both organisations, service and resources will be shared or organised on a joint basis.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the academy trust is to promote a positive ethos and philosophy that will provide the community with unique learning opportunities.

Objectives, strategies and activities

The main objectives of the academy trust during the year ended 31 August 2016 were to ensure our students make significant progress and achieve a high degree of success in their examinations. Student progress in both English and mathematics was a key priority. Progress towards these objectives is outlined below.

Public benefit

The trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the academy trust.

Crewe Multi Academy Trust

Trustees' Report (continued)

Achievements and Performance

The public examination results at GCSE stabilised and the pattern over the last three years of year on year results falling was halted. Improvement in key areas (e.g. the performance of students in receipt of Pupil Premium) was evident. There has been a high degree of turbulence over the last two years in terms of the school's leadership and questions over its future, alongside significant changes in qualifications and the examination framework at GCSE. Therefore it is important to see this year's outcomes as a baseline for comparison in the years to come. A thorough review of examination performance has been taken across the academy and steps have been put in place to ensure an upward trajectory in the forthcoming year. Headline results are summarised in the table below:

Key Performance Indicator	2015 (Kings Grove - Predecessor School)	2016 The Oaks Academy
Percentage of pupils gaining A* - C GCSE grades including English and Maths	35%	35%
Attendance	93%	94.6%

Other notable achievements within the academy during the period include:

- Successful CIF bid which has meant that new windows to half of the school building have been installed and vital roofing works have been able to take place.
- Improvement in Pupil Attendance, as can be seen above.
- New Leadership Team established, enabling the academy to focus on driving up standards, evidenced by external reports from The Dean Trust, an established multi academy trust based in Manchester.

Financial Review

Financial and risk management objectives and policies

The academy trust sought to manage its finances in order to establish a healthy level of carry forward at the year end. Restricted reserves totalled £2,643k as at 31 August 2016 before accounting for the academy's share of the liabilities of the Local Government Pension Scheme. The pension deficit is based on a longer term obligation which will be met through annual premium increases in line with similar academies where a liability has been inherited.

Crewe Multi Academy Trust

Trustees' Report (continued)

Reserves policy

The board of trustees reviews the reserve levels of the academy trust annually at the year-end and as part of its budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The aim 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.

Investment policy

Cash balances are safeguarded by investing them in interest bearing current accounts with Barclays Bank PLC.

Principal risks and uncertainties

The principal risks facing the trust are linked to The Oaks Academy. These involve achieving the required quality improvements, ensuring the academy grows its student numbers and ensuring the first year as transition to an academy does not destabilise the performance of the academy. This is being addressed by working collaboratively with The Dean Trust to improve standards, monthly progress reports are reviewed by the trust board. Additional support has also been provided by Macclesfield Academy, including the temporary secondment of an experienced member of staff to the Deputy Head role.

Going concern

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

Plans for future periods

The Trust will continued to focus on the Oaks Academy and has no intentions at present to have more academies

Post balance sheet events

There are no post balance sheet events to report.

Crewe Multi Academy Trust

Trustees' Report (continued)

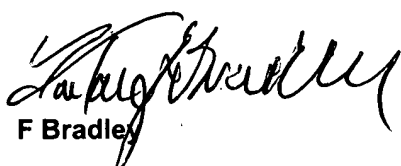
Auditors

Mazars LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 15 December 2016 and signed on its behalf by



F Bradley

Chair

15 December 2016

Crewe Multi Academy Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Crewe Multi Academy Trust and the Secretary of State for Education. They are 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 9 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
Simon Yates (Chair to 14 December 2016)	9	9
Jasbir Dhesi	7	9
Gillian Taylor (Resigned 16 June 2016)	5	8
Andrew Kent	5	8
Dame Patricia Bacon	6	8
Fintan Bradley (Vice Chair to 14 December 2016; Chair from 15 December 2016)	5	5
Emma Hooley	4	4
Gillian Bremner	2	4

Review of Value for Money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust 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 trust'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 academy trust has delivered improved value for money during the year by:

- Ensuring that all contracts are reviewed for value
- Staffing costs are closely monitored
- Working with South Cheshire College to provide operational services

Crewe Multi Academy Trust

Governance Statement (continued)

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 Crewe Multi Academy Trust 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 has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust'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 regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews 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 decided not to appoint an internal auditor. However, the trust works closely with The Dean Trust who provide mentoring and peer observation.

Review of effectiveness

As Accounting Officer, the Chief Executive, 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 peer reviewer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the senior leadership teams within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

Crewe Multi Academy Trust

Governance Statement (continued)

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

Approved by order of the members of the Board of Trustees on 15 December 2016 and signed on its behalf by:



Jasbir Dhesi
Chief Executive



Fintan Bradley
Chair

Crewe Multi Academy Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of Crewe 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015 - 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015 - 2016.

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



Jasbir Dhesi

Accounting Officer

15 December 2016

Crewe Multi Academy Trust

Statement of Trustees' Responsibilities

The trustees (who act as governors of Crewe Multi Academy Trust 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 published 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 accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 15 December and signed on its behalf by:


Fintan Bradley
Trustee

Crewe Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Crewe Multi Academy Trust

We have audited the financial statements of Crewe Multi Academy Trust 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, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) ((Charities SORP 2015 (FRS 102)).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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. This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Crewe Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Crewe Multi Academy Trust (continued)

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the incorporated strategic report for the 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.



Neil Barton (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square, Manchester, M2 3DE

Date 20 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Crewe Multi Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter 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 Crewe Multi Academy Trust 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 Crewe Multi Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Crewe Multi Academy Trust 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 Crewe Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Crewe Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Crewe Multi Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 period 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 academy trust's income and expenditure.

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Crewe Multi Academy Trust and the Education Funding Agency (continued)

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 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.

Mazars LLP

Reporting Accountant

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Date *20 December 2016*

Crewe Multi Academy Trust

Statement of Financial Activities

for the year ended 31 August 2016

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	3	-	-	734	734	-
Transfer from local authority on conversion		-	(858)	1,850	992	-
Charitable activities:						
Funding for the academy trust's educational operations	4	56	2,509	-	2,565	-
Other trading activities	5	4	-	-	4	-
Total		60	1,651	2,584	4,295	-
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	48	2,460	21	2,529	-
Total		48	2,460	21	2,529	-
Net income / (expenditure)		12	(809)	2,563	1,766	-
Transfers between funds	15	-	(42)	42	-	-
Other recognised gains / (losses):						
Actuarial losses on defined benefit pension schemes	15,20	-	(748)	-	(748)	-
Net movement in funds		12	(1,599)	2,605	1,018	-
Reconciliation of funds						
Total funds brought forward		-	-	-	-	-
Total funds carried forward		12	(1,599)	2,605	1,018	-

Crewe Multi Academy Trust

Balance Sheet as at 31 August 2016

Company Number 09379253

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Intangible assets	11		7		-
Tangible assets	12		2,598		-
Current assets					
Debtors	13	391		-	
Cash at bank and in hand		788		-	
		<u>1,179</u>		-	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,129)</u>		-	
Net current assets			<u>50</u>		-
Total assets less current liabilities			<u>2,655</u>		-
Net assets excluding pension liability			<u>2,655</u>		-
Defined benefit pension scheme liability	20		<u>(1,637)</u>		-
Total net assets			<u>1,018</u>		-
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15	2,605		-	
. Restricted income fund	15	38		-	
. Pension reserve	15	<u>(1,637)</u>		-	
Total restricted funds			<u>1,006</u>		-
Unrestricted income funds	15		<u>12</u>		-
Total funds			<u>1,018</u>		-

The financial statements on pages 20 to 41 were approved by the trustees and authorised for issue on 15 December 2016 and are signed on their behalf by

Fintan Bradley
Trustee



Crewe Multi Academy Trust

Statement of Cash Flows

for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	830	-
Cash flows from investing activities	18	(42)	-
Change in cash and cash equivalents in the reporting period		788	-
Cash and cash equivalents at 1 September 2015		-	-
Cash and cash equivalents at 31 August 2016		788	-

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Crewe Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts for Crewe Multi Academy Trust prepared in accordance with FRS102, the Financial Standard applicable in the UK and Republic of Ireland. Whilst the academy was incorporated on 1 January 2015, the school did not convert until 1 January 2016. As such there are no comparative figures, and the year ended 31 August 2016 reflects an 8 month period of activity. The date of transition to FRS102 was 1 September 2015; as there were no comparative figures, there has not been any impact on the financial position and financial performance of the academy as a result of FRS102.

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 academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), when the receipt is probable and it can be measured reliably.

- **Donations**

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

- **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.

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.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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.

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.

Intangible Fixed Assets

- Computer software 5 years

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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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

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Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

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

Valuation of the Local Government Pension Scheme

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 20, 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.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	734	734	-
Donated fixed assets	-	1,850	1,850	-
	<u>-</u>	<u>2,584</u>	<u>2,584</u>	<u>-</u>

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	2,078	2,078	-
. Start Up Grants	-	281	281	-
. Other DfE/EFA grants	-	117	117	-
	<u>-</u>	<u>2,476</u>	<u>2,476</u>	<u>-</u>
Other Government grants				
. Local authority grants	-	33	33	-
	<u>-</u>	<u>33</u>	<u>33</u>	<u>-</u>
Other income from the academy trust's educational operations	56	-	56	-
	<u>56</u>	<u>2,509</u>	<u>2,565</u>	<u>-</u>

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
. Direct costs	1,435	-	269	1,704	-
. Allocated support costs	385	101	339	825	-
	1,820	101	608	2,529	-

Net income for the period includes:

	2016 £000	2015 £000
Operating lease rentals	15	-
Depreciation	20	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	1	-
Fees payable to auditor for:		
- audit	11	-
- other services	-	-

7 Charitable activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	1,704	-
Support costs – educational operations	825	-
	2,529	-

Analysis of support costs

	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	385	385	-
Depreciation and amortisation	21	21	-
Technology costs	18	18	-
Premises costs	101	101	-
Other support costs	289	289	-
Governance costs	11	11	-
Total support costs	825	825	-

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	1,422	-
Social security costs	119	-
Operating costs of defined benefit pension schemes	273	-
	1,814	-
Supply staff costs	121	-
Staff restructuring costs	6	-
	1,941	-
Staff restructuring costs comprise:		
Severance payments	6	-
	6	-

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £6,000 (2015: £nil).

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	37	-
Administration and support	55	-
Management	1	-
	93	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £56,799 (8 months) (2015: nil).

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

e. Conversion to an Academy Trust

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

The assets and liabilities transferred from Kings Grove High School to the academy trust have been valued at their fair value. Further details of the transaction are set out in note 22.

9 Related Party Transactions – Trustees' remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

E Hooley (head teacher and trustee):

Remuneration (8 months) £45,000 - £50,000 (2015: nil)

Employer's pension contributions paid (8 months) £5,000 - £10,000 (2015: nil)

During the period ended 31 August 2016, no travel and subsistence expenses were reimbursed or paid directly to trustees (2015: nil).

10 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, which is included in the Risk Protection Arrangement (RPA) provided by the Department for Education, provides cover up to £10,000,000 on any one claim and the cost for the total RPA subscription for the year ended 31 August 2016 was £9,333 (2015: nil). The cost of this insurance is included in the total insurance cost.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

11 Intangible fixed assets

	Computer Software £000	Total £000
Cost		
At 1 September 2015	-	-
Additions	8	8
At 31 August 2016	8	8
Amortisation		
At 1 September 2015	-	-
Charged in year	1	1
At 31 August 2016	1	1
Carrying amount		
At 31 August 2015	-	-
At 31 August 2016	7	7

12 Tangible fixed assets

	Freehold Land and Buildings £000	Furniture and Equipment £000	Total £000
Cost			
At 1 September 2015	-	-	-
Transfer on conversion	1,850	-	1,850
Additions	740	28	768
Disposals	-	-	-
At 31 August 2016	2,590	28	2,618
Depreciation			
At 1 September 2015	-	-	-
Charged in year	17	3	20
Disposals	-	-	-
At 31 August 2016	17	3	20
Net book values			
At 31 August 2015	-	-	-
At 31 August 2016	2,573	25	2,598

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

- the acquisition of the freehold of The Oaks Academy school building which was donated to the trust on transfer from the local authority at a value of £1,850,000

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

13 Debtors

	2016 £000	2015 £000
VAT recoverable	143	-
Prepayments and accrued income	248	-
	<u>391</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	563	-
Other taxation and social security	52	-
Other creditors	69	-
Accruals and deferred income	445	-
	<u>1,129</u>	<u>-</u>

	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September 2015	-	-
Released from previous years	-	-
Resources deferred in the year	1	-
Deferred Income at 31 August 2016	<u>1</u>	<u>-</u>

At the balance sheet date the academy trust was holding funds received in advance for a project and a trip being undertaken in the autumn term 2016.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

15 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	-	2,078	(2,057)	17	38
Start Up Grant	-	281	(224)	(57)	-
Pupil Premium	-	150	(148)	(2)	-
Pension reserve	-	(858)	(31)	(748)	(1,637)
	-	1,651	(2,460)	(790)	(1,599)
Restricted fixed asset funds					
Transfer on conversion	-	1,850	(12)	-	1,838
DfE/EFA capital grants	-	734	(5)	-	729
Capital expenditure from GAG	-	-	(4)	42	38
	-	2,584	(21)	42	2,605
Total restricted funds	-	4,235	(2,481)	(748)	1,006
Total unrestricted funds	-	60	(48)	-	12
Total funds	-	4,295	(2,529)	(748)	1,018

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the Trust.

Restricted fixed asset funds are those funds relating to the long term assets of the trust used in delivering the objectives of the Trust.

Unrestricted funds are funds which the Trustees may use in the pursuance of the Trust's objectives and are expendable at the discretion of the Trustees.

Under the funding agreement with the Secretary of State, the Trust is not subject to a limit on the amount of General Annual Grant (GAG) carry forward at 31 August 2016.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	7	7
Tangible fixed assets	-	-	2,598	2,598
Current assets	12	1,167	-	1,179
Current liabilities	-	(1,129)	-	(1,129)
Pension scheme liability	-	(1,637)	-	(1,637)
Total net assets	12	(1,599)	2,605	1,018

17 Commitments under operating leases

Operating leases

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

	2016 £000	2015 £000
Amounts due within one year	27	-
Amounts due between one and five years	16	-
Amounts due after five years	-	-
	43	-

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £000	2015 £000
Net income for the reporting period (as per the statement of financial activities)	1,766	-
Adjusted for:		
Amortisation	1	-
Depreciation	20	-
Capital grants from DfE and other capital income	(734)	-
Defined benefit pension scheme obligation inherited on conversion	858	-
Defined benefit pension scheme cost less contributions payable	9	-
Defined benefit pension scheme finance cost	22	-
Tangible fixed assets inherited on conversion	(1,850)	-
(Increase)/decrease in debtors	(391)	-
Increase/(decrease) in creditors	1,129	-
Net cash provided by / (used in) Operating Activities	830	-

Cash flows from investing activities

	2016 £000	2015 £000
Purchase of intangible fixed assets	(8)	-
Purchase of tangible fixed assets	(768)	-
Capital grants from DfE/EFA	734	-
Net cash provided by / (used in) investing activities	(42)	-

Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	788	-
Total cash and cash equivalents	788	-

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

19 Members liability

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

20 Pension and similar obligations

The academy trust'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 Cheshire West and Chester Council. Both are multi-employer defined benefit schemes.

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £32,191 (TPS) and £16,463 (LGPS) were payable to the schemes at 31 August 2016 (2015: nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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 contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 pension costs paid to TPS in the period amounted to £158,683 (employers) and £93,542 (employees) (2015: nil).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £129,365 (2015: £nil), of which employer's contributions totalled £105,482 (2015: nil) and employees' contributions totalled £23,883 (2015: nil). The agreed contribution rates for future years are 26.8% for employers and in a range from 5.5% to 7.5% based on salary bands for employees (unchanged from 2010).

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

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.10%	n/a
Rate of increase for pensions in payment/inflation	2.10%	n/a
Discount rate for scheme liabilities	2.00%	n/a
Inflation assumption (CPI)	2.10%	n/a
Commutation of pensions to lump sums – pre April 2008 service	50.00%	n/a
Commutation of pensions to lump sums – post April 2008 service	75.00%	n/a

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.3	n/a
Females	24.4	n/a
<i>Retiring in 20 years</i>		
Males	24.1	n/a
Females	26.7	n/a

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	991	n/a
Debt instruments	191	n/a
Property	89	n/a
Total market value of assets	1,271	n/a

The actual return on scheme assets was £122,000 (2015: nil)

Amount recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(110)	n/a
Net interest cost	(22)	n/a
Benefit changes, loss on curtailment and loss on settlement	(4)	n/a
Total operating charge	(136)	n/a

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

	2016 £000	2015 £000
At 1 September	-	n/a
Upon conversion	1,851	n/a
Current service cost	110	n/a
Interest cost	49	n/a
Employee contributions	24	n/a
Actuarial (gain)/loss	870	n/a
Plan introductions, benefit changes, curtailments and settlements	4	n/a
At 31 August	2,908	n/a

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

	2016 £000	2015 £000
At 1 September	-	n/a
Upon conversion	993	n/a
Interest income	27	n/a
Actuarial gain/(loss)	122	n/a
Employer contributions	105	n/a
Employee contributions	24	n/a
At 31 August	1,271	n/a

21 Related party transactions

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

Manchester Metropolitan University – an HE institution in which the spouse of Dame P Bacon (a trustee of the trust) is a Council Member:

- The trust paid £100 for a Modern Foreign Language project held at MMU. There were no amounts outstanding at 31 August 2016 (2015: £nil)
- The trust made the purchase at arm's length in accordance with its financial regulations, which Mr Davidson neither participated in, nor influenced
- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.

Crewe Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

22 Conversion to an academy

On 1 January 2016 Kings Grove High School converted to academy trust status under the Academies Act 2010, and all the operations and assets and liabilities were transferred to Crewe Multi Academy Trust from Cheshire East Council Local Authority for £nil consideration. On conversion the name of the school was changed to The Oaks Academy.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities were transferred at their fair values and recognised in the balance sheet under the appropriate headings, with a corresponding net amount recognised as a net gain in the statement of financial activities as a transfer from the local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Net Assets transferred:

	2016
	£000
Freehold land and buildings	1,850
LGPS pension surplus/(deficit)	(858)
	<u>992</u>

Funds surplus/(deficit) transferred:

	Restricted Funds General	Restricted Funds Fixed Asset	Total 2016 £000
Fixed Asset funds	-	1,850	1,850
LGPS pension funds	(858)	-	(858)
	<u>(858)</u>	<u>1,850</u>	<u>992</u>