

ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017**

Members	B Maybee (appointed 15 September 2016) K Jordan (appointed 15 September 2016) R Crowte (appointed 15 September 2016) H Bate (appointed 15 September 2016)
Trustees	P Griffiths (appointed 15 September 2016) ^{1,2,5} E James (appointed 15 September 2016) ^{1,2,3} M Kenkre (appointed 15 September 2016) ¹ L Notley (appointed 15 September 2016) ^{1,4,5} G Onyon, Chair (appointed 15 September 2016) ^{1,5} D Snell, Headteacher (appointed 15 September 2016) ^{1,2,3,4,5} L Wilde (appointed 15 September 2016) ^{1,4} J Wright (appointed 15 September 2016) ^{1,4,5}
	1 Local Governing Body 2 Finance and Audit Committee 3 Personnel Committee 4 Health and Safety Committee 5 Standards and Achievements Committee
Company registered number	10377400
Company name	Alvechurch C of E Multi-Academy Trust
Principal and registered office	Birmingham Road Alvechurch Worcester B48 7TA
Company secretary	G Frederick
Accounting Officer	D Snell
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The charitable company was incorporated on 15 September 2016 and opened as an Academy on 1 April 2017 with the transfer of certain assets and liabilities from the Local Authority. The financial statements are for the period from incorporation until 31 August 2017, however, there was no activity during the period from incorporation to 31 March 2017, at which point the school operation was transferred into Academy status. Certain information in the Trustees' report refers to the full academic year, 1 September 2016 to 31 August 2017, and its comparative, as this is pertinent to understanding the Academy's activity as a school.

The Trust operates an academy for pupils aged 9 to 13 in Alvechurch, Worcestershire. It has a pupil capacity of 440 and had a roll of 426 in the school census on 31 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy was incorporated on 15 September 2016 and opened as an Academy on 1 April 2017 and is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The Trustees of Alvechurch C of E Multi-Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Alvechurch C of E Middle School.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

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 they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. The limit of this indemnity is £10,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 5 Trustees who are appointed by members.
- up to 2 Trustees who are appointed by the Diocese of Worcester
- the Headteacher who is treated for all purposes as being an ex officio Governor.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017**

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

In the year of conversion appropriate training was provided to the appointed Trustees.

Organisational Structure

The Board of Trustees normally meets once each term. The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Local Governing Body (LGB). The LGB is responsible for day to day operations and management of the school's budget.

The LGB establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows;

- Finance and Audit Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the peer reviewer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Curriculum and Achievement Committee - this meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Personnel Committee – this meets at least once a term to monitor staff developments, welfare and all issues regarding Human Resources
- Health and Safety Committee – this meets at least once a term to monitor, evaluate and review Academy policy, practice and issues related to Health and Safety

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Headteacher, two Assistant Headteachers. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, Academy Business Manager and Finance, Personnel, Health & Safety and Curriculum and Achievement Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

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

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Governing Body delegates all decisions relating to the pay for members of the Senior Leadership Team to the Personnel and Finance sub-committees. The Terms of Reference for those committees are detailed in the Pay Policy which states that they must undertake an annual pay review for all staff and reach decisions through the application of any relevant criteria measured by the Academy's performance appraisal process. The Academy follows national pay scales and progression policy linked to performance management, in line with the pay policy.

The Academy's teaching staff (including management) are members of the Teachers' Pension (TP) scheme and support staff are automatically opted in to the Local Government Pension Scheme (LGPS). Rates of contribution from members and the Academy are calculated by TP and LGPS and reviewed on an annual basis.

Connected Organisations, including Related Party Relationships

There are no related parties or sponsors which control Alvechurch C of E Middle School, however there is a separate parent teacher association, Alvechurch C of E Middle School PTA (charity no: 506314), which may from time to time contribute to the operations of the school.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Christian Ethos.

The aims of the Academy during the period ended 31 August 2017 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to provide a broad and balanced curriculum, including extra curricular activities;
- to develop students as more effective learners;
- to develop the Academy site so that it enables students to achieve their full potential;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to develop greater coherence, clarity and effectiveness in school systems;
- to comply with all appropriate statutory and curriculum requirements;
- to develop the Academy's capacity to manage change; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan which is available from the School Office. Improvement focuses identified for this year (2017/18) include:

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

Key Issue 1: Leadership and Management

- Performance Management – to develop a more robust and tailored approach to Performance Management and to increase opportunities to work on Continuing Professional Development with other schools
- Further embed the role of Middle Leaders with robust review and monitoring of Departmental Action Plans
- Embed use of online assessment systems to enable end of year reporting to be produced
- Develop quality of communication through improvement of website for displaying pupils work; more regular newsletters to parents; creating PR policy to increase exposure in local newspapers; improve formality of parent voice
- Further develop MAT Academy approach to purchased services

Key Issue 2: Teaching, Learning and Assessment

- Raise standards in literacy across all subjects by implementing new approach to Literacy Across the curriculum to include whole staff CPD; introduction of whole school literacy targets; new writing assessment books for use across all subjects
- Embed Numeracy across the curriculum by identifying and monitoring impact of opportunities in subjects other than Maths
- Develop tracking and reporting systems
- Improve curriculum delivery by implementing new timetable and curriculum structure; developing new intervention slot to enable more interventions to take place to improve pupil progress; develop use of learning journey as a curriculum delivery tool in Key Stage 2

Key Issue 3: Personal Development, Behaviour and Welfare

- Embed new behaviour approach to achieve consistency and clarity
- Embed new mental health policy and provision and conduct annual safeguarding audit to measure progress against action points from previous audit
- Prepare for next SIAMs inspection, to include development of approach to class assembly time and develop whole school approach to spirituality
- Review roles of pastoral structure to measure effectiveness of system currently in place

Key Issue 4: Pupil Outcomes

- Improve outcomes for pupils in Maths at the end of Key Stage 2
- Improve the attainment of the most able pupils in Science by the end of Year 8
- Improve outcomes in writing by the end of Key Stage 3

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

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**TRUSTEES' REPORT (continued)
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STRATEGIC REPORT

Achievements and Performance

The Academy is in its first year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2016 (at this stage the school was still a maintained school) was 417 but this has increased to 435 in September 2017 due to an increase in pupils in Key Stage 3. The Academy is over PAN in two year groups and has a waiting list in operation for both of those year groups. The Academy is heavily oversubscribed for entry into year 5. There were 152 applicants for the 110 places available in year 5.

Pupils at Alvechurch C of E Middle School make excellent progress from their starting points and by the time they leave at the end of year 8 they reach standards that are significantly above those reached by most pupils of that age nationally. On exit from the school the pupils sit nationally standardised tests (GL assessments) and the results are shown in the table below:

		English		Maths	
		School	National	School	National
All	Secure	96	77	90	77
	Secure+	43	23	52	23
	Exc	9	4	24	4
Boys	Secure	96	77	94	77
	Secure+	42	23	52	23
	Exc	8	4	24	4
Girls	Secure	96	77	90	77
	Secure+	44	23	48	23
	Exc	10	4	24	4

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**TRUSTEES' REPORT (continued)
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The end of Key Stage 2 statutory assessments (SATs) also take place at the end of Year 6 and there was excellent progress against key objectives in the last academic year. The following tables show our performance compared to all schools nationally, Worcestershire schools and Worcestershire Middle Schools:

	Combined			
	EXS+	GDS		
Alvechurch CofE Middle School	66.7%	20.4%		
Worcs Middles	53.9%	7.7%		
Worcs Mainstream	57.2%	8.3%		
National Average	60.9%	8.6%		
Reading				
	SS	EXS+	GDS	Avg Prog Score
Alvechurch CofE Middle School	106.8	83.3%	38.0%	0.2
Worcs Middles	103.6	68.9%	23.6%	-1.1
Worcs Mainstream	104	69.9%	24.5%	-0.5
National Average	104.1	71.3%	24.5%	0.0
Write				
	EXS+	GDS		Avg Prog Score
Alvechurch CofE Middle School	87.0%	25.9%		0.1
Worcs Middles	73.2%	17.8%		-1.4
Worcs Mainstream	73.5%	18.6%		-0.8
National Average	76.3%	17.7%		0.0
Maths				
	SS	EXS+	GDS	Avg Prog Score
Alvechurch CofE Middle School	104.4	74.1%	25.9%	-1.9
Worcs Middles	102.4	66.7%	17.4%	-2.4
Worcs Mainstream	103.3	70.0%	20.4%	-1.2
National Average	104.2	74.7%	22.6%	0.0
GPS				
	SS	EXS+	GDS	
Alvechurch CofE Middle School	106.3	78.7%	31.5%	
Worcs Middles	104.2	70.5%	23.2%	
Worcs Mainstream	104.9	72.4%	25.6%	
National Average	106.0	76.8%	30.8%	

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FOR THE PERIOD ENDED 31 AUGUST 2017**

In addition to this our former pupils performed exceptionally well in their GCSE examinations. Pupils from Alvechurch were not only well above national but outperformed other pupils in the school demonstrating how well they progress and how well prepared they are when they leave. This is shown below:

	Alvechurch	National
Progress 8	0.41	-0.03
Attainment 8	54	48.2
Overall (5A* to C)	82	58.7
EBACC	46	24.6

Outside of examination successes there were the following achievements to take note of:

- A team of year 8 pupils came runners up in a National Science competition – The Faraday Challenge – successfully beating hundreds of other entrants nationally
- We once again successfully entered numerous pupils into Arts Award assessments. The quality of provision has been recognised by the Assessors who are using the school as a case study for excellence
- We received a Chief Constable of West Midlands Award for our work in the community

The Academy has managed to maintain small class sizes at Key Stage 3 with general class size being in the low 20s for the majority of lessons.

To ensure that standards are continually assessed, the Academy operates a programme of monitoring which includes learning walks, observations, book trawls and pupil voice. These are undertaken by the Department Heads and the Senior Leadership Team.

The Academy has established close links with other Middle Schools in the Bromsgrove area. The five schools are embarking on mutual staff development, joint CPD, with the primary aim of driving up standards across the town. This has been formalised into the Bromsgrove Middle School Learning Partnership with its dedicated development plan.

Key Performance Indicators

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016/17 were 425, an increase of 10 over 2015/16. It is anticipated that this number will continue to rise.

The following KPI's monitored for the period to 31/08/17:

KPI	Result
Pupil to teacher ratio	20.6
Teaching to non-teaching staff ratio	20.6:19.8
Student attendance %	95.8
Total GAG per pupil	£1,903
Staffing Costs as % of GAG	70

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.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the period ended 31 August 2017, the Academy received total income of £943,867 and incurred total expenditure of £930,694. However, on conversion to an Academy, assets of £60,746 and a provision relating to the Local Government Pension Scheme of £558,000 were transferred. The academy generated free reserves of £40,906 in the period.

At 31 August 2017 the net book value of fixed assets was £50,013 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.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Alvechurch C of E Middle School's current site was built and is maintained through a PFI arrangement with Worcester County Council. Further details are contained in the accounting policies

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 take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately 1 month of operating expenditure, although this will take a number of years to achieve. 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.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and School Business Manager within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 93% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our School Development Plan, which is available on our website or from the Clerk to the Trustees.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on and signed on the board's behalf by:

Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Alvechurch C of E 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 Alvechurch C of E 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 once during the period since conversion. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Onyon, Chair	1	1
P Griffiths	1	1
L Notley	1	1
J Wright	0	1
M Kenkre	1	1
L Wilde	1	1
E James	1	1
D Snell, Headteacher	1	1

There has been no change in the composition of the Board of Trustees in the period ended 31 August 2017. The Board oversees the work of the Local Governing with a sharp focus on the following key priorities:

- Continual review of challenging budget leading to staffing adjustments in order to ensure the school continues to remain viable and is able to deliver front end services to all students
- External support and reviews across all subjects conducted by Partner Middle School Headteachers have provided key areas of priority for 2017/18
- Reviewed key statutory policies to ensure Alvechurch C of E Middle School remains compliant with requirements for having up to date and relevant policies in school
- Reviewed curriculum offer and adjusted timetable to provide a broad and balanced curriculum across the school
- Focused developments at Key Stage 3 on ensuring pupils are 'High School' ready by the end of year 8
- Focused developments at Key Stage 2 on raising attainment in core subjects in end of Key Stage assessments whilst maintaining broad and balanced curriculum

The Board receives information from the Headteacher via the Headteacher's report at all Full Governing Body meetings. This includes analysis of pupil progress data, a review of School Self Evaluation and a review of the School Development Plan. The SDP is scrutinised by two Governors each term and they report to the full governing body.

Trustees have all completed a self evaluation of skills matrix which will inform areas for development for 2017/18.

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GOVERNANCE STATEMENT (continued)

There is a Local Governing Body (LGB) in place to support the work of the Trustees. Attendance in meetings in the period were as follows:

Trustee/Governor	Meetings attended	Out of a possible
G Onyon	1	1
D Snell	1	1
E James	0	1
M Kenkre	0	1
P Griffiths	1	1
L Notley	0	1
J Wright	1	1
L Wilde	1	1
S Lambert	1	1
N Allen	1	1
B Maybee	1	1
A Thurgood	0	1

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to set the annual budget, monitor performance against that budget, monitor adherence with ESFA submissions, deal with SDP issues relevant to finance and report to main Trustees board.

Attendance at meetings in the period was as follows:

Trustee/Governor	Meetings attended	Out of a possible
D Snell	1	1
E James	1	1
P Griffiths	1	1
B Maybee	1	1

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Robust financial governance and budget management.
- Reviewing controls and managing risk.
- Considering allocation/targeting/use of resources.
- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve, and go beyond, nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

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 relating 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 Alvechurch C of E Middle School for the period to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Fiona Anderson, the Financial Director of South Bromsgrove High School, to perform peer review.

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

- Testing of purchase systems
- Testing of control account/bank account reconciliations

On an annual basis, the reviewer reports to the Board of Trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- the work of the peer reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee 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

and signed on their behalf, by:

Chair of Trustees

Accounting Officer

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the 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 2016.

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

Mr David Snell
Accounting Officer

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees (who act as governors of Alvechurch C of E Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

Chair of Trustees

Date:

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALVECHURCH C OF E MULTI-ACADEMY TRUST**

OPINION

We have audited the financial statements of Alvechurch C of E Multi-Academy Trust for the period ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALVECHURCH C OF E MULTI-ACADEMY TRUST**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ALVECHURCH C OF E MULTI-ACADEMY TRUST**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

John Talbot FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT
Date:

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
ALVECHURCH C OF E MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 January 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alvechurch C of E Multi-Academy Trust during the period to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF ALVECHURCH C OF E MULTI-ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Alvechurch C of E Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 30 March 2017, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
ALVECHURCH C OF E MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY
(continued)**

CONCLUSION

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

John Talbot FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date:

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
INCOME FROM:					
Donations and capital grants	2	12,940	-	19,687	32,627
Charitable activities	3	39,127	829,133	-	868,260
Other trading activities	4	42,939	-	-	42,939
Investments	5	41	-	-	41
TOTAL INCOME		95,047	829,133	19,687	943,867
EXPENDITURE ON:					
Charitable activities	6	77,405	846,133	7,156	930,694
Transfer from Local Authority on conversion	22	(22,579)	558,000	(38,167)	497,254
TOTAL EXPENDITURE	6	54,826	1,404,133	(31,011)	1,427,948
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	18	40,221 685	(575,000) -	50,698 (685)	(484,081) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
Actuarial losses on defined benefit pension schemes	23	-	(8,000)	-	(8,000)
NET MOVEMENT IN FUNDS		40,906	(583,000)	50,013	(492,081)
RECONCILIATION OF FUNDS:					
Total funds brought forward	18	-	-	-	-
TOTAL FUNDS CARRIED FORWARD		40,906	(583,000)	50,013	(492,081)

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

The notes on pages 26 to 43 form part of these financial statements.

ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 10377400

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	14		50,013
CURRENT ASSETS			
Debtors	15	459,388	
Cash at bank and in hand		157,011	
		<u>616,399</u>	
CREDITORS: amounts falling due within one year	16	<u>(575,493)</u>	
NET CURRENT ASSETS			<u>40,906</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>90,919</u>
Pension scheme liability	23		<u>(583,000)</u>
NET ASSETS			<u><u>(492,081)</u></u>
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Restricted funds excluding pension liability	18	50,013	
Pension reserve	18	<u>(583,000)</u>	
Total restricted funds			<u>(532,987)</u>
Unrestricted funds	18		<u>40,906</u>
TOTAL DEFICIT			<u><u>(492,081)</u></u>

The financial statements on pages 23 to 43 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

Chair of Trustees

The notes on pages 26 to 43 form part of these financial statements.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	period ended 31 August 2017 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>166,316</u>
Cash flows from investing activities:		
Interest received		(41)
Purchase of tangible fixed assets		(19,002)
Capital grants from DfE/ESFA		<u>9,738</u>
Net cash used in investing activities		<u>(9,305)</u>
Change in cash and cash equivalents in the period		157,011
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	21	<u><u>157,011</u></u>

The notes on pages 26 to 43 form part of these financial statements.

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

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Alvechurch C of E Multi-Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is GBP. The financial statements have been rounded to the nearest GBP.

1.2 GOING CONCERN

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

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

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

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

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

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

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

1.4 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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.

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

IT Equipment	-	25% straight line
Office Equipment	-	20% - 33% straight line

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

1.6 OPERATING LEASES

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

1.7 DEBTORS

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

1.8 CASH AT BANK AND IN HAND

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

1.9 LIABILITIES AND PROVISIONS

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

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 TAXATION

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

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.13 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 on conversion from Alvechurch C of E Middle School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

1.14 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 and include grants from the Department for Education.

1.15 ACCOUNTING UNDER THE PFI ARRANGEMENT

Land and buildings are used for the provision of education by Alvechurch C of E Middle School under an agreement with Worcester County Council, in connection with a PFI agreement entered into by Worcester County Council. The related land and buildings are not recognised as assets of the Academy. This is because the Trustees assess that the Academy does not have the risks and rewards associated with ownership whilst this agreement is in place. Payments made in connection with this agreement are considered to be periodic operating rental charges. The agreement between Alvechurch C of E Middle School and Worcester County Council is such that amounts payable during the remainder of the agreement are subject to formulae dependent on factors outside the Academy's control and therefore it is not possible to state the cash flow commitments within this agreement.

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 01 April 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

The academy obtained other fixed assets on conversion, which have been accounted for at their effective net book value as at the conversion date. The recognition of such assets requires the Academy to estimate the useful economic life associated with each asset in order to be able to derive the net book value.

The academy has made a judgment as to the accounting for the agreement relating to a PFI contract with further details outlined in the accounting policy 1.15.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Donations	12,940	9,949	22,889
Capital Grants	-	9,738	9,738
	12,940	19,687	32,627

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant	-	807,641	807,641
Other DfE/ESFA grants	-	21,492	21,492
School Trips	39,127	-	39,127
	<u>39,127</u>	<u>829,133</u>	<u>868,260</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Lettings	872	-	872
Fees received	29,674	-	29,674
Music Tuition	3,071	-	3,071
Other	9,322	-	9,322
	<u>42,939</u>	<u>-</u>	<u>42,939</u>

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Bank interest	38	-	38
Investment income - other local investments	3	-	3
	<u>41</u>	<u>-</u>	<u>41</u>

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Education:				
Direct costs	526,238	189,242	67,749	783,229
Support costs	53,196	54,514	39,755	147,465
	<u>579,434</u>	<u>243,756</u>	<u>107,504</u>	<u>930,694</u>

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

7. DIRECT COSTS

	2017 £
Pension finance costs	7,000
Educational supplies	4,754
Staff development	578
School Trips	35,960
Supply teachers	15,305
Technology costs	13,056
PFI charges	189,242
Educational consultancy	6,401
Wages and salaries	408,388
National insurance	37,321
Pension cost	65,224
	<hr/>
	783,229 <hr/> <hr/>

8. SUPPORT COSTS

	2017 £
Other costs	2,210
Maintenance of premises and equipment	222
Rent and rates	25,000
Energy costs	55
Catering	4,537
Technology costs	10,914
Office overheads	10,862
Legal and professional	1,782
PFI charges	22,081
Governance	9,450
Wages and salaries	36,026
National insurance	1,903
Pension cost	15,267
Depreciation	7,156
	<hr/>
	147,465 <hr/> <hr/>

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	period ended 31 August 2017 £
Depreciation of tangible fixed assets: - owned by the charity	7,156
Auditors' remuneration - audit	7,000
Auditors' remuneration - other services	1,250
	<hr/> <hr/>

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

	period ended 31 August 2017 £
Wages and salaries	444,414
Social security costs	39,224
Operating costs of defined benefit pension schemes	80,491
	<hr/>
	564,129
Supply teacher costs	15,305
	<hr/>
	579,434

The average number of persons employed by the academy during the 5 months since the date of conversion was as follows:

	period ended 31 August 2017 No.
Teachers	33
Administration and support	18
Management	4
	<hr/>
	55

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

	period ended 31 August 2017 No.
In the band £60,001 - £70,000	1

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 £99,846.

11. CENTRAL SERVICES

No central services were provided by the academy to its academies during the period and no central charges arose. This is due to the organisation being an 'empty MAT', which includes one school and no central function.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: D Snell: Remuneration £25,000 - £30,000, Employer's pension contributions £0 - £5,000.

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses.

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
COST			
At 15 September 2016	-	-	-
Additions	2,566	16,436	19,002
Transfers on conversion	38,167	-	38,167
	<u>40,733</u>	<u>16,436</u>	<u>57,169</u>
At 31 August 2017	40,733	16,436	57,169
DEPRECIATION			
At 15 September 2016	-	-	-
Charge for the period	519	6,637	7,156
	<u>519</u>	<u>6,637</u>	<u>7,156</u>
At 31 August 2017	519	6,637	7,156
NET BOOK VALUE			
At 31 August 2017	<u>40,214</u>	<u>9,799</u>	<u>50,013</u>

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

15. DEBTORS

	2017 £
Trade debtors	8,918
Other debtors	124,237
Prepayments and accrued income	326,233
	<hr/>
	459,388
	<hr/> <hr/>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £
Trade creditors	496,513
Other taxation and social security	24,261
Other creditors	20,269
Accruals and deferred income	34,450
	<hr/>
	575,493
	<hr/> <hr/>

17. FINANCIAL INSTRUMENTS

	period ended 31 August 2017 £
Financial assets measured at fair value through income and expenditure	157,011
Financial assets measured at amortised cost	8,918
	<hr/>
	165,929
	<hr/> <hr/>
Financial liabilities measured at fair value through income and expenditure	530,963
	<hr/> <hr/>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at fair value through income and expenditure comprise trade creditors, accruals and deferred income.

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	-	95,047	(54,826)	685	-	40,906
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	807,641	(807,641)	-	-	-
Pupil Premium (PP)	-	17,702	(17,702)	-	-	-
Other ESFA	-	3,790	(3,790)	-	-	-
Pension reserve	-	-	(575,000)	-	(8,000)	(583,000)
	-	829,133	(1,404,133)	-	(8,000)	(583,000)
RESTRICTED FIXED ASSET FUNDS						
Fixed Assets Transferred on Conversion	-	-	31,487	-	-	31,487
Devolved Formula Capital (DFC)	-	19,687	(476)	(685)	-	18,526
	-	19,687	31,011	(685)	-	50,013
Total restricted funds	-	848,820	(1,373,122)	(685)	(8,000)	(532,987)
Total of funds	-	943,867	(1,427,948)	-	(8,000)	(492,081)

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Pupil Premium (PP) - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other ESFA - Income which has been received for specific purposes from the ESFA.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

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

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS:

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

Devolved Formula Capital funding (DFC) - This represents funding from the ESFA to cover the maintenance and purchase of the Academy's assets.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Alvechurch C of E Middle School	40,906
Restricted fixed asset fund	50,013
Pension reserve	(583,000)
Total	(492,081)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Alvechurch C of E Middle School	506,933	47,196	4,754	347,655	906,538

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	50,013	50,013
Current assets	616,399	-	-	616,399
Creditors due within one year	(575,493)	-	-	(575,493)
Pension scheme liability	-	(583,000)	-	(583,000)
	40,906	(583,000)	50,013	(492,081)

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

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

	period ended 31 August 2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(484,081)
Adjustment for:	
Depreciation charges	7,156
Interest received	41
Decrease in debtors	575,493
Decrease in creditors	(459,388)
Capital grants from DfE and other capital income	(9,738)
Defined benefit pension scheme obligation on conversion	558,000
Defined benefit pension scheme cost less contributions payable	10,000
Defined benefit pension scheme finance cost	7,000
Net assets from local authority on conversion	(38,167)
Net cash provided by operating activities	166,316

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	period ended 31 August 2017 £
Cash at bank and in hand	157,011
	157,011

22. CONVERSION TO AN ACADEMY TRUST

On 1 April 2017 Alvechurch C of E Middle School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Alvechurch C of E Multi-Academy Trust from Worcestershire County Council for £NIL consideration.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Other tangible fixed assets	-	-	38,167	38,167
Budget surplus/(deficit) on other school funds	22,579	-	-	22,579
LGPS pension surplus/(deficit)	-	(558,000)	-	(558,000)
Net assets/(liabilities)	<u>22,579</u>	<u>(558,000)</u>	<u>38,167</u>	<u>(497,254)</u>

23. PENSION COMMITMENTS

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

As described in note 22 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 5 month period ended 31 August 2017. 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 01 April 2017.

Contributions amounting to £20,269 were payable to the schemes at 31 August 2017 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.

Valuation of the Teachers' Pension Scheme

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

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

23. PENSION COMMITMENTS (continued)

valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £61,224.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £34,000, of which employer's contributions totalled £27,000 and employees' contributions totalled £7,000. The agreed contribution rates for future years are 0% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.40 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %
Inflation assumption (CPI)	2.20 %

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

	2017
Retiring today	
Males	22.6
Females	25.6
Retiring in 20 years	
Males	24.8
Females	27.9

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £
Equities	31,000
Property	1,000
Other bonds	2,000
Other	1,000
	<hr/>
Total market value of assets	35,000
	<hr/> <hr/>

The actual return on scheme assets was £1,000.

The amounts recognised in the Statement of Financial Activities are as follows:

	period ended 31 August 2017 £
Current service cost	(37,000)
Interest cost	(7,000)
	<hr/>
Total	(44,000)
	<hr/> <hr/>

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

	period ended 31 August 2017 a £
Upon conversion	558,000
Current service cost	37,000
Interest cost	7,000
Employee contributions	7,000
Actuarial losses	9,000
	<hr/>
Closing defined benefit obligation	618,000
	<hr/> <hr/>

**ALVECHURCH C OF E MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

	period ended 31 August 2017 £
Actuarial losses	1,000
Employer contributions	27,000
Employee contributions	7,000
	<hr/>
Closing fair value of scheme assets	35,000
	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the agreement relating to the PFI arrangement, as disclosed in note 1.15, is scheduled to continue until 2038. If the future charges remain at the current rate, the annual future cashflow payments would be as follows:

	2017 £
AMOUNTS PAYABLE:	
Within 1 year	509,136
Between 1 and 5 years	2,031,154
After more than 5 years	8,114,816
	<hr/>
Total	10,655,106
	<hr/> <hr/>

25. 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.

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.