

Company Registration No. 7987596 (England and Wales)

**MESTY CROFT ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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# **MESTY CROFT ACADEMY**

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# MESTY CROFT ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

L Bray  
M Babb  
Rev D Njuguna (resigned 8 October 2018)

### Directors

Mrs L Bray (Head Teacher) (Accounting Officer)  
Mrs R Mansell (Staff Governor) (Resigned 26 February 2019)  
Mrs C Jackson (Community Governor)  
Mr A Houlston (Chairman)  
Rev D Njuguna (Community Governor) (Resigned 8 October 2018)  
Miss J Smith (Staff Governor)  
Mrs E Barker (Community Governor) (Resigned 9 October 2018)  
Mrs C Hinson (Chairman) (Resigned 15 November 2019)  
Mr B Patel-Sadler (Parent Governor)

### Senior management team

- Head Teacher	Mrs L Bray
- Deputy Head Teacher	Mr R Shaw
- Assistant Head Teacher	Miss R Kelsey
- EYFS Lead	Miss J Smith
- SENCo and Year 1 Lead	Mrs S Aggarwal
- KS2 Lead and Maths Lead	Miss S Usher
- School Business Manager	Mrs J Rana

### Secretary

Mrs J Rana

### Company registration number

7987596 (England and Wales)

### Principal address

St Lukes Road  
Wednesbury  
West Midlands  
WS10 0QY

### Registered office

St Lukes Road  
Wednesbury  
West Midlands  
WS10 0QY

### Independent auditor

CK Audit  
No 4 Castle Court 2  
Castlegate Way  
Dudley  
West Midlands  
DY1 4RH

# **MESTY CROFT ACADEMY**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### Constitution

The academy trust 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 trust.

The directors are the trustees of Mesty Croft Academy and are also the directors of the charitable company for the purposes of company law. Details of the directors who served during the year, and to the date these accounts are approved, 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Directors' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period to 31 August 2019 was £89 (2018: £117).

##### Principal activities

The principal activity of Mesty Croft Academy is to advance the education of pupils at the school, to advance the education of other members of the community, and otherwise to benefit the community, having regard to the Academy's obligations as stated in the Articles of Association.

##### Method of recruitment and appointment or election of directors

Mesty Croft Academy shall have the following Directors:

- Staff Directors - members of staff may elect and vote for no more than 2 Staff Directors
- Parent Directors - are elected by parents via a ballot. Up to 2 Parent Directors may be elected.
- Co-opted Directors - are appointed via members of the Board of Directors; they should not be staff or parents. Up to 3 Co-opted Directors may be appointed.

##### Policies and procedures adopted for the induction and training of directors

All new Directors are given a tour of the school and the opportunity to meet with pupils, staff and parents. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. All new Directors receive an Induction.

During their term of office all Directors receive additional training, both online and via external training providers. Directors make regular visits to the school and meet with staff and pupils to keep themselves informed and updated.

##### **Fundraising**

The academy trust does not use any external fundraisers. All fundraising activities undertaken during the year was monitored by the Trustees.

# **MESTY CROFT ACADEMY**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### Organisational structure

The structure consists of two levels: the Board of Directors and the Senior Leadership Team. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting a School Development Plan and Budget, monitoring the Academy, holding Leaders to account, capital expenditure and senior staff appointments. During the year under review the Directors held 6 Full Board of Directors' Meetings. The Board of Directors appointed an external Clerk who attends Directors' Meetings and assists and advises Directors as necessary.

The Strategic Leadership Team comprises the Headteacher, Deputy Headteacher, Assistant Headteacher and Phase Leaders. These leaders control the Academy at an executive level and are responsible for the implementation of policies adopted by Directors and for reporting back to Directors. Appointment panels for senior leaders will contain a minimum of one Director. The Headteacher's Performance Management is set by a panel which comprises 3 Directors and an external evaluator, usually the School Improvement Advisor (SIA). All recommendations on pay progression following Performance Management end of year reviews are subject to ratification by Directors/Trustees.

Whilst some spending control is devolved to subject leaders and year groups, the Headteacher countersigns all Requisition Orders and ensures that all spending is within agreed budgets.

#### Risk management

Funds are received on a monthly basis, in line with the General Annual Grant (GAG) which is agreed at the start of the academic year. As the GAG funding is directly linked to pupil numbers, there is a risk that a decline in pupil numbers could impact on the main source of funding for the Academy. The Academy has various initiatives to ensure that this risk is reduced and pupil numbers are increasing as a result; historically the Academy has always been oversubscribed.

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to the quality of teaching, provision of facilities and other operational areas of the Academy and its finances. The Directors have adequate operational procedures and internal and external financial controls to minimise risk. Where significant financial risk still remains they have ensured adequate insurance cover.

The Academy works together with parents to provide children with resources and experiences that will enrich their education and facilitate their enjoyment of learning. Mesty Croft Academy PTA is a charitable group who organise fund raising opportunities for the whole school community. In the last year this has included two raffles (Christmas and Easter), a Summer Fayre and a Graduation Ball.

#### **Objectives and activities**

##### Objects and aims

Mesty Croft Academy is a two-form entry mainstream primary school organised into fourteen classes in addition to a 39 place Nursery (Morning and Afternoon).

#### **Mission Statement**

Inspiring our next generation to believe and achieve.

#### **Values**

- NURTURE confident and independent learners
- INSPIRE curious and inquisitive learners
- CREATE an exciting and engaging curriculum
- EMPOWER young minds to unlock their true potential
- INCLUDE everyone
- STRIVE for continued improvement and success

# MESTY CROFT ACADEMY

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### **Vision**

Our vision is to create a forward-thinking school which develops a hunger for knowledge and a thirst for learning. Our creative and innovative curriculum will provide a wealth of enticing, exciting and adventurous learning opportunities. Children will make outstanding progress and gain skills for life.

We will deliver a broad and balanced curriculum that will deepen children's knowledge and understanding. The curriculum will be flexible and will respond to the needs of our children.

Our children will be taught in a learning environment that is inclusive, stimulating and safe; children will be curious, confident and independent learners who will strive for continued success and be able to lead and direct their own learning.

Our staff will be concerned with all aspects of children's development and will respond to the individual needs of each child. They will encourage and develop dynamic and enquiring minds.

#### Objectives, strategies and activities

The main objectives of Mesty Croft Academy during the year ending 31st August 2019:

##### 1. Leadership and Management

- Develop leadership at all levels with a focus on middle leaders
- Strengthen and improve the skills of the Governing Board

##### 2. The Quality of Teaching, Learning and Assessment

- Continue to improve provision for less able pupils
- Establish and embed a mastery approach to teaching Mathematics
- Develop a structured, skills-based approach to non-core subjects in the wider curriculum
- Improve the quality of teaching and learning of spelling
- To improve provision for disadvantaged pupils in all subjects

##### 3. Personal Development, Behaviour and Welfare

- Develop provision for playtimes and lunchtimes
- Establish and embed 'Good to be Green' system of behaviour management
- Introduce and embed three further Learning Behaviours with a focus on wellbeing

##### 4. Outcomes

- To improve Y1 Phonics screen to be in line with national average
- To improve attainment in Writing at KS1 and KS2

Activities during this report period have included:

- The appointment of a School Business Manager
- Being an Associate member of Wednesbury Learning Community Trust
- Place2Be (Mental Health Charity) commissioned to support children's social, emotional and mental health and well-being in school

Development of eSafety provision and Computing curriculum

#### Public benefit

The Directors have complied with the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Academy's aims and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives set. The Academy admits 30 pupils into two Reception classes on the basis of the following criteria in priority order:

1. Looked After Children (LAC)
2. SEND (pupils with EHC Plans)
3. Exceptional medical grounds
4. Siblings
5. Proximity

The Academy has acted in the public benefit within its activities by providing primary education to primary school aged children within the Wednesbury area.

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# MESTY CROFT ACADEMY

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Strategic Report

#### Achievements and performance

##### Achievements in the year

The Academy continues to make good progress.

#### Awards/Recognition

- In 2018, the Academy achieved the Basic Skills Primary Quality Mark
- In 2018, the Academy received LA moderation in Year 6; all judgements were agreed and upheld
- In 2019, the Academy received LA moderation in Year 2; all judgements were agreed and upheld

#### Key performance indicators

<b>EYFS 2019</b>		
Good Level of Development (GLD)	66%	
<b>Phonics Screening Check 2019</b>	Year 1 72%	Year 2 47%
<b>KS1</b>	<b>Expected Standard</b>	<b>Above Expected</b>
Reading	70%	18%
Writing	60%	3%
Maths	73%	20%
R/W/M Combined	60%	0%
<b>KS2</b>	<b>Expected Standard</b>	<b>Above Expected</b>
Reading	52%	11%
Writing	61%	15%
Maths	69%	16%
GPS	80%	26%
R/W/M Combined	40%	5%
<b>Attendance 2018-19</b>	95.79%	PA 9.14%

#### Going concern

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

#### **Financial review**

The Academy's main source of funding is from the General Annual Grant (GAG) provided by the EFA. The 'Pupil Premium' element is used to provide additional resources to support the learning experience for children. Funding is also received from Sandwell Metropolitan Borough Council for early years and SEN (Special Educational Needs) resources.

The expenditure incurred is mainly staff costs and learning resources for the school.

During the year, an overall deficit of £203,600 deficit (2018: deficit of £174,196) has been generated by the Academy.

# MESTY CROFT ACADEMY

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Principal risks and uncertainties

##### Reserves policy

The directors continually monitor the reserves of the academy. The process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves.

The directors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £463,550 (2018: £308, 642) which excludes the defined benefit pension liability of £989,000 (2018: £663,000), is adequate for its immediate needs.

The academy's value of free reserves at 31 August 2019 is £183,007 (2018:139,420) being the income funds that are freely available for its general purposes (this does not include restricted funds or any part of unrestricted funds not readily available for spending).

Restricted general funds at 31 August 2019 were in deficit by £708,457 (2018: £493,778) however this is after deducting the defined benefit liability of £989,000 (2018: £663,000). If this was excluded the balance on reserves would be £280,543 (2018: £169,222)

See funds note 16 for review of funds at 31 August 2019.

##### Investment policy and powers

There are no investments held by the Academy.

##### **Plans for the future**

The Academy is committed to raising standards for all pupils; its key focus for the future is to develop Early Years and to ensure that all pupils leave KS1 able to read. We have invested in ReadWriteInc (RWI) and all staff have been trained in the program. The Academy has revisited and as a result, redesigned its curriculum. The offer is now far more wide-reaching and ensures that the needs of our pupils are met (cultural capital). Middle leadership is being developed. The Academy remains committed to seeking to join a Multi Academy Trust.

##### **Auditor**

In so far as the directors are aware:

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

A resolution proposing that CK Audit be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 11 December 2018 and signed on its behalf by:



Mr A Houlston  
Chairman



# MESTY CROFT ACADEMY

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

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

The board of directors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Mesty Croft Academy and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 6 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
Mrs L Bray (Head Teacher) (Accounting Officer)	3	3
Mrs R Mansell (Staff Governor) (Resigned 26 February 2019)	2	2
Mrs C Jackson (Community Governor)	3	3
Mr A Houlston (Chairman)	3	3
Rev D Njuguna (Community Governor) (Resigned 8 October 2018)	0	0
Miss J Smith (Staff Governor)	2	3
Mrs E Barker (Community Governor) (Resigned 9 October 2018)	0	0
Mrs C Hinson (Chairman) (Resigned 15 November 2019)	3	3
Mr B Patel-Sadler (Parent Governor)	3	3

Directors meet as a Full Board three times per year; whilst we acknowledge that this is not the recommended six meetings, as a Single Academy Trust we have instead chosen to put in place two further two sub-committees: Finance and Curriculum. Each curriculum meets on a further three occasions. Committees report back to the Full Board to ensure oversight and challenge. In addition, the Academy has financial oversight via an external Finance Officer and internal scrutiny are carried out termly again via an external consultant.

### Review of value for money

As accounting officer the has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing services previously provided by Local Authorities and ensuring that they meet the schools requirements at reasonable cost.
- Ensuring systems are in place to monitor expenditure and inform management of results.
- Obtaining external assurance from the school finance provider to ensure that staffing costs are correct and in line with expectations.
- Sourcing the best value suppliers for learning resources and ensuring that expenditure is approved by management.

# **MESTY CROFT ACADEMY**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mesty Croft Academy for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of directors.

### **The risk and control framework**

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

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

The board of directors has considered the need for a specific internal audit function and has decided:

- Directors ensure that external checks are completed on a monthly basis by the Finance Consultant. In addition, Directors resolved to appoint a Responsible Officer for the academic year 2018/19 and will continue this SLA for 2019/20.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the board of directors on the operation of the systems of control and on the discharge of the financial responsibilities of the board of directors.

The Responsible officer completed one visit and submitted one report; the recommendation was for a new financial procedures manual to be written. This has been completed and is called the school internal financial delegation and bank account key controls.

# **MESTY CROFT ACADEMY**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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### **Review of effectiveness**

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses (if relevant) and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 17 December 2019 and signed on its behalf by:



Mr A Houlston  
Chairman

# MESTY CROFT ACADEMY

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2019**

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As accounting officer of Mesty Croft Academy I have considered my responsibility to notify the academy trust board of directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of directors 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 2018.

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 directors and ESFA.



Mrs L Bray (Head Teacher)  
**Accounting Officer**

17 December 2019

# **MESTY CROFT ACADEMY**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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The directors (who also act as trustees for Mesty Croft Academy) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law, the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 accounts 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 directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of directors on 17 December 2019 and signed on its behalf by:



Mr A Houlston  
Chairman

# **MESTY CROFT ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MESTY CROFT ACADEMY**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the accounts of Mesty Croft Academy for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# **MESTY CROFT ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MESTY CROFT ACADEMY (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinions 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 directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated strategic report.

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

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

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **MESTY CROFT ACADEMY**

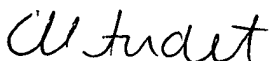
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MESTY CROFT ACADEMY (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Use of our report**

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



**Wendy Davies (Senior Statutory Auditor)  
for and on behalf of CK Audit**

17 December 2019

**Chartered Accountants  
Statutory Auditor**

No 4 Castle Court 2  
Castlegate Way  
Dudley  
West Midlands  
DY1 4RH



# **MESTY CROFT ACADEMY**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MESTY CROFT ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 9 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mesty Croft Academy during the period 1 September 2018 to 31 August 2019 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 Mesty Croft Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Mesty Croft Academy and 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 Mesty Croft Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Mesty Croft Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Mesty Croft Academy's funding agreement with the Secretary of State for Education dated 11 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- A review of management reporting documents;
- A review of directors' minutes;
- A review of income to assess whether grants have been applied in accordance with the terms and conditions attached to them; and
- A review of policies and procedures to assess whether they are sufficiently robust to ensure that expenditure has been applied for the purposes intended by Parliament.

# **MESTY CROFT ACADEMY**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MESTY CROFT ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Reporting Accountant**  
CK Audit

Dated: 17 December 2019

# MESTY CROFT ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £	£	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	43,305	-	24,841	68,146	21,029
Charitable activities:						
- Funding for educational operations	4	-	2,069,664	-	2,069,664	1,996,616
Other trading activities	5	-	24,227	-	24,227	24,785
Investments	6	282	-	-	282	239
<b>Total income and endowments</b>		43,587	2,093,891	24,841	2,162,319	2,042,669
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	-	2,054,091	107,828	2,161,919	2,084,473
<b>Total expenditure</b>	7	-	2,054,091	107,828	2,161,919	2,084,473
<b>Net income/(expenditure)</b>		43,587	39,800	(82,987)	400	(41,804)
Transfers between funds		-	(50,479)	50,479	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(204,000)	-	(204,000)	216,000
<b>Net movement in funds</b>		43,587	(214,679)	(32,508)	(203,600)	174,196
<b>Reconciliation of funds</b>						
Total funds brought forward		139,420	(493,778)	3,345,810	2,991,452	2,817,256
Total funds carried forward		183,007	(708,457)	3,313,302	2,787,852	2,991,452

# MESTY CROFT ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2018
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	17,446	-	3,583	21,029
Charitable activities:					
- Funding for educational operations	4	-	1,996,616	-	1,996,616
Other trading activities	5	-	24,785	-	24,785
Investments	6	239	-	-	239
<b>Total income and endowments</b>		<u>17,685</u>	<u>2,021,401</u>	<u>3,583</u>	<u>2,042,669</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	-	1,980,374	104,099	2,084,473
<b>Total expenditure</b>	7	<u>-</u>	<u>1,980,374</u>	<u>104,099</u>	<u>2,084,473</u>
<b>Net income/(expenditure)</b>		17,685	41,027	(100,516)	(41,804)
Transfers between funds		-	(95,963)	95,963	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	19	-	216,000	-	216,000
<b>Net movement in funds</b>		<u>17,685</u>	<u>161,064</u>	<u>(4,553)</u>	<u>174,196</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>121,735</u>	<u>(654,842)</u>	<u>3,350,363</u>	<u>2,817,256</u>
Total funds carried forward		<u>139,420</u>	<u>(493,778)</u>	<u>3,345,810</u>	<u>2,991,452</u>

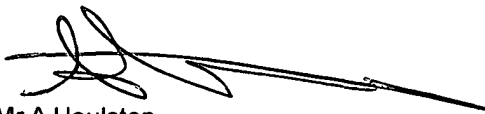
# MESTY CROFT ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	12		3,313,302		3,345,810
<b>Current assets</b>					
Debtors	13	50,209		76,857	
Cash at bank and in hand		615,093		493,600	
		<u>665,302</u>		<u>570,457</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(168,153)		(219,929)	
<b>Net current assets</b>			<u>497,149</u>		<u>350,528</u>
<b>Total assets less current liabilities</b>			<u>3,810,451</u>		<u>3,696,338</u>
Creditors: amounts falling due after more than one year	15		(33,599)		(41,886)
<b>Net assets before defined benefit pension scheme liability</b>			<u>3,776,852</u>		<u>3,654,452</u>
Defined benefit pension scheme liability	19		(989,000)		(663,000)
<b>Total net assets</b>			<u><u>2,787,852</u></u>		<u><u>2,991,452</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			3,313,302		3,345,810
- Restricted income funds			280,543		169,222
- Pension reserve			(989,000)		(663,000)
<b>Total restricted funds</b>			<u>2,604,845</u>		<u>2,852,032</u>
<b>Unrestricted income funds</b>	17		<u>183,007</u>		<u>139,420</u>
<b>Total funds</b>			<u><u>2,787,852</u></u>		<u><u>2,991,452</u></u>

The accounts were approved by the directors and authorised for issue on 17 December 2019 and are signed on their behalf by:

  
Mr A Houlston  
Chairman

Company Number 7987596

# MESTY CROFT ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		171,690		249,723
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		282		239	
Capital grants from DfE Group		24,841		3,583	
Purchase of tangible fixed assets		(75,320)		(99,546)	
<b>Net cash used in investing activities</b>			(50,197)		(95,724)
<b>Net increase in cash and cash equivalents in the reporting period</b>			121,493		153,999
Cash and cash equivalents at beginning of the year			493,600		339,601
<b>Cash and cash equivalents at end of the year</b>			615,093		493,600

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mesty Croft Academy meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The directors 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 charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

##### 1.3 Income

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

###### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

###### Sponsorship income

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

###### Donations

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

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

(Continued)

##### Other income

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

##### Donated fixed assets

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

#### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Leasehold land and buildings	2%
Computer equipment	20%
Fixtures, fittings & equipment	20%



# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

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 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 instrument.

#### 1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

#### 1.10 Pensions benefits

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

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

#### 1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### LGPS Pension Valuation

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

##### Useful Economic Lives of Non-Current Assets

The useful economic lives of non-current assets have been derived from the judgement of the Trustees, using their best estimate of write-down period.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	24,841	24,841	3,583
Other donations	43,305	-	43,305	17,446
	<u>43,305</u>	<u>24,841</u>	<u>68,146</u>	<u>21,029</u>

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,714,897	1,714,897	1,657,854
Other DfE group grants	-	176,108	176,108	163,417
	<u>-</u>	<u>1,891,005</u>	<u>1,891,005</u>	<u>1,821,271</u>
<b>Other government grants</b>				
Local authority grants	-	178,659	178,659	175,345
	<u>-</u>	<u>178,659</u>	<u>178,659</u>	<u>175,345</u>
<b>Total funding</b>	<u>-</u>	<u>2,069,664</u>	<u>2,069,664</u>	<u>1,996,616</u>

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Catering income	-	17,605	17,605	19,082
Contributions to trips	-	6,622	6,622	5,703
	-	24,227	24,227	24,785

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	282	-	282	239

### 7 Expenditure

	Staff costs £	Non Pay Premises £	Expenditure Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	1,306,447	-	73,745	1,380,192	1,328,656
- Allocated support costs	404,005	176,913	200,809	781,727	755,817
	1,710,452	176,913	274,554	2,161,919	2,084,473

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for audit services	5,700	5,000
Depreciation of tangible fixed assets	107,828	103,919
Loss on disposal of fixed assets	-	180
Net interest on defined benefit pension liability	17,000	19,000

### 8 Charitable activities

	2019 £	2018 £
All from restricted funds:		
<b>Direct costs</b>		
Educational operations	1,380,192	1,328,656
<b>Support costs</b>		
Educational operations	781,727	755,817
	2,161,919	2,084,473

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities

(Continued)

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	404,005	366,930
Depreciation	107,828	104,099
Premises costs	69,085	59,367
Other support costs	182,144	207,125
Governance costs	18,665	18,296
	<u>781,727</u>	<u>755,817</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	1,213,697	1,118,821
Social security costs	102,231	89,801
Pension costs	310,909	276,088
Amounts paid to employees	<u>1,626,837</u>	<u>1,484,710</u>
Agency staff costs	83,615	85,714
Staff restructuring costs	-	5,000
Amounts paid to staff	<u>1,710,452</u>	<u>1,575,424</u>
Staff development and other staff costs	22,732	17,890
Total staff expenditure	<u>1,733,184</u>	<u>1,593,314</u>

Staff restructuring costs comprise:

Redundancy payments	-	5,000
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#### Staff numbers

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

	2019 Number	2018 Number
Teachers	13	12
Administration and support	41	44
Management	7	7
	<u>61</u>	<u>63</u>

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 9 Staff

(Continued)

##### Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

##### Key management personnel

The key management personnel of the academy trust comprise the directors 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 £418,484 (2018 £368,371).

#### 10 Directors' remuneration and expenses

The headteacher and other staff directors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as directors/governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The value of remuneration was as follows:

##### *L Bray (Headteacher)*

Remuneration £55,000 - £60,000 (2018: £55,000 - £60,000)

Employer's pension contributions £5,000 - £10,000 (2018: £5,000 - £10,000)

##### *R Mansell (Staff governor) up to resignation 26/2/18*

Remuneration £10,000 - £15,000 (2018: £0 - £5,000)

Employer's pension contributions £0 - £5,000 (2018: £0 - £5,000)

##### *C Jackson (Parent governor)*

Remuneration £10,000 - £15,000 (2018: £10,000 - £15,000)

Employer's pension contributions £0 - £5,000 (2018: £0 - £5,000)

##### *J Smith (Staff governor)*

Remuneration £40,000 - £45,000 (2018: £35,000 - £40,000)

Employer's pension contributions £5,000 - £10,000 (2018: £5,000 - £10,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £0 (2018: £0) were reimbursed to 0 governors (2018: 0 governors)

Other related party transactions involving the directors are set out within the related parties note.

#### 11 Directors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £89 (2018: £117).

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 September 2018	3,657,543	72,725	631,945	4,362,213
Additions	28,344	21,420	25,556	75,320
At 31 August 2019	3,685,887	94,145	657,501	4,437,533
<b>Depreciation</b>				
At 1 September 2018	409,041	42,018	565,344	1,016,403
Charge for the year	67,846	16,731	23,251	107,828
At 31 August 2019	476,887	58,749	588,595	1,124,231
<b>Net book value</b>				
At 31 August 2019	3,209,000	35,396	68,906	3,313,302
At 31 August 2018	3,248,502	30,707	66,601	3,345,810

Freehold land & buildings includes land of £293,575 that is not depreciated.

### 13 Debtors

	2019 £	2018 £
VAT recoverable	9,464	18,481
Prepayments and accrued income	40,745	58,376
	50,209	76,857

### 14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	44,368	86,214
Other taxation and social security	25,427	25,076
Sandwell Council Creditor	8,287	8,287
Other creditors	24,035	22,684
Accruals and deferred income	66,036	77,668
	168,153	219,929

### 15 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	33,599	41,886

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

		(Continued)	
15	Creditors: amounts falling due after more than one year	2019	2018
	Debt due in one year or less	8,287	8,287
	Due in more than one year but not more than two years	8,287	8,287
	Due in more than two years but not more than five years	24,861	24,861
	Due in more than five years	-	8,788
		<u>41,435</u>	<u>50,223</u>
16	Deferred income	2019	2018
		£	£
	Deferred income is included within:		
	Creditors due within one year	33,352	32,454
		<u>33,352</u>	<u>32,454</u>
	Deferred income at 1 September 2018	32,454	25,557
	Released from previous years	(32,454)	(25,557)
	Amounts deferred in the year	33,352	32,454
		<u>33,352</u>	<u>32,454</u>
	<b>Deferred income at 31 August 2019</b>	<b>33,352</b>	<b>32,454</b>

At the balance sheet date the academy trust was holding funds received in advance for free school meals for the autumn term 2019.



# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	169,222	1,714,897	(1,553,097)	(50,479)	280,543
Other DfE / ESFA grants	-	176,108	(176,108)	-	-
Other government grants	-	178,659	(178,659)	-	-
Other restricted funds	-	24,227	(24,227)	-	-
Pension reserve	(663,000)	-	(122,000)	(204,000)	(989,000)
	<u>(493,778)</u>	<u>2,093,891</u>	<u>(2,054,091)</u>	<u>(254,479)</u>	<u>(708,457)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	2,741,816	-	(56,174)	-	2,685,642
DfE group capital grants	344,469	24,841	(14,876)	-	354,434
Capital expenditure from GAG	259,525	-	(36,778)	50,479	273,226
	<u>3,345,810</u>	<u>24,841</u>	<u>(107,828)</u>	<u>50,479</u>	<u>3,313,302</u>
<b>Total restricted funds</b>	<u>2,852,032</u>	<u>2,118,732</u>	<u>(2,161,919)</u>	<u>(204,000)</u>	<u>2,604,845</u>
<b>Unrestricted funds</b>					
General funds	<u>139,420</u>	<u>43,587</u>	<u>-</u>	<u>-</u>	<u>183,007</u>
<b>Total funds</b>	<u>2,991,452</u>	<u>2,162,319</u>	<u>(2,161,919)</u>	<u>(204,000)</u>	<u>2,787,852</u>

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

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 governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	115,158	1,657,854	(1,507,827)	(95,963)	169,222
Other DfE / ESFA grants	-	163,417	(163,417)	-	-
Other government grants	-	175,345	(175,345)	-	-
Other restricted funds	-	24,785	(24,785)	-	-
Pension reserve	(770,000)	-	(109,000)	216,000	(663,000)
	<u>(654,842)</u>	<u>2,021,401</u>	<u>(1,980,374)</u>	<u>120,037</u>	<u>(493,778)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	2,797,990	-	(56,174)	-	2,741,816
DfE group capital grants	350,833	3,583	(9,947)	-	344,469
Capital expenditure from GAG	201,540	-	(37,978)	95,963	259,525
	<u>3,350,363</u>	<u>3,583</u>	<u>(104,099)</u>	<u>95,963</u>	<u>3,345,810</u>
<b>Total restricted funds</b>	<u>2,695,521</u>	<u>2,024,984</u>	<u>(2,084,473)</u>	<u>216,000</u>	<u>2,852,032</u>
<b>Unrestricted funds</b>					
General funds	<u>121,735</u>	<u>17,685</u>	<u>-</u>	<u>-</u>	<u>139,420</u>
<b>Total funds</b>	<u>2,817,256</u>	<u>2,042,669</u>	<u>(2,084,473)</u>	<u>216,000</u>	<u>2,991,452</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	3,313,302	3,313,302
Current assets	186,065	474,053	5,184	665,302
Creditors falling due within one year	(3,058)	(159,911)	(5,184)	(168,153)
Creditors falling due after one year	-	(33,599)	-	(33,599)
Defined benefit pension liability	-	(989,000)	-	(989,000)
<b>Total net assets</b>	<u>183,007</u>	<u>(708,457)</u>	<u>3,313,302</u>	<u>2,787,852</u>

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	3,345,810	3,345,810
Current assets	139,420	431,037	-	570,457
Creditors falling due within one year	-	(219,929)	-	(219,929)
Creditors falling due after one year	-	(41,886)	-	(41,886)
Defined benefit pension liability	-	(663,000)	-	(663,000)
<b>Total net assets</b>	<b>139,420</b>	<b>(493,778)</b>	<b>3,345,810</b>	<b>2,991,452</b>

### 19 Pensions and similar obligations

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

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

Contributions amounting to £23,860 (2018: £22,611) were payable to the schemes at 31 August and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 19 Pensions and similar obligations

(Continued)

##### **Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

##### **Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £111,133 (2018: £95,263).

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

##### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20 per cent for employers and 5.5 - 12.5 per cent 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.

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pensions and similar obligations

(Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	82,000	88,000
Employees' contributions	27,000	25,000
Total contributions	109,000	113,000
Principal actuarial assumptions	2019 %	2018 %
Rate of increases in salaries	3.65	3.8
Rate of increase for pensions in payment	2.15	2.3
Discount rate	1.9	2.7
Inflation assumption (CPI)	2.15	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	20.9	21.9
- Females	23.2	24.4
Retiring in 20 years		
- Males	22.6	24.1
- Females	25.1	26.7

#### The academy trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	570,000	505,000
Bonds	90,000	57,000
Other bonds	36,000	30,000
Cash/liquidity	34,000	30,000
Property	77,000	65,000
Other assets	141,000	111,000
Total market value of assets	948,000	798,000
Actual return on scheme assets - gain/(loss)	55,000	9,000

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities	2019 £	2018 £
Current service cost	161,000	178,000
Past service cost	26,000	-
Interest income	(23,000)	(19,000)
Interest cost	40,000	38,000
Total operating charge	204,000	197,000
Changes in the present value of defined benefit obligations	2019 £	2018 £
Obligations at 1 September 2018	1,461,000	1,472,000
Current service cost	161,000	178,000
Interest cost	40,000	38,000
Employee contributions	27,000	25,000
Actuarial loss/(gain)	236,000	(226,000)
Benefits paid	(14,000)	(26,000)
Past service cost	26,000	-
At 31 August 2019	1,937,000	1,461,000
Changes in the fair value of the academy trust's share of scheme assets	2019 £	2018 £
Assets at 1 September 2018	798,000	702,000
Interest income	23,000	19,000
Actuarial (gain)/loss	32,000	(10,000)
Employer contributions	82,000	88,000
Employee contributions	27,000	25,000
Benefits paid	(14,000)	(26,000)
At 31 August 2019	948,000	798,000

# MESTY CROFT ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

<b>20 Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	400	(41,804)
Adjusted for:		
Capital grants from DfE and other capital income	(24,841)	(3,583)
Investment income receivable	(282)	(239)
Defined benefit pension costs less contributions payable	105,000	90,000
Defined benefit pension scheme finance cost	17,000	19,000
Depreciation of tangible fixed assets	107,828	103,919
Loss on disposal of fixed assets	-	180
Decrease/(increase) in debtors	26,648	(7,658)
(Decrease)/increase in creditors	(60,063)	89,908
<b>Net cash provided by operating activities</b>	<b>171,690</b>	<b>249,723</b>

#### 21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining prior approval where required, and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

C Hinson, a director of Sandwell Inspired Partnership Solutions Education (SIPS Education) is also the Chairman of the board of trustees. The Academy made purchases amounting to £61,457 (2018 £70,654) in respect of financial, IT and HR support and all transactions were conducted at cost. At the year-end, a balance of £0 (2018: £395) was due to SIPS Education.

#### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.