

Registered number: 08741704

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**



 **Bishop Fleming**
Chartered Accountants

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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**MATCHBOROUGH FIRST SCHOOL ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Tracy Arlott Helen Baylis Sandra Checketts (resigned 7 December 2015) Bryonie Williams (appointed 10 December 2015)
Trustees	Tracy Arlott Helen Baylis Sandra Checketts (resigned 7 December 2015) Elizah Barnes (resigned 22 July 2016) Matthew Clarke Mark Gladwin ^{1,2} Jackie Harris, Head Teacher ^{1,2} Leanne Sankey Mark Stoneman Jayne Woodward (resigned 22 July 2016) ¹ Hayley Young ^{1,2} Bryonie Williams (appointed 10 December 2015) ¹ Full Governing Body ² Resources Committee
Company registered number	08741704
Company name	Matchborough First School Academy
Principal and registered office	Matchborough Way Matchborough East Redditch Worcestershire B98 0GD
Accounting officer	Jackie Harris
Senior management team	Jackie Harris, Headteacher Jayne Woodward, Deputy Head Kathy Clucas, Head of Literacy (resigned April 2016) Lisa White, Head of Early Years Annette Hawkesford, Head of Special Education Needs Jenni Halion, Head of Numeracy Anita Richmond, Bursar
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB
Bankers	Lloyds Bank PO Box 1000 BX1 1LT
Solicitors	Mills & Reeve 78-84 Colmore Row Birmingham B3 2AB

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 3 to 9 in Matchborough, Redditch. It has a pupil capacity of 396 (including Nursery) and had a roll of 386 in the school census on 19 May 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust (was incorporated on 21 October 2013 and opened as an Academy on 1 November 2013) 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.

Three of the Trustees of Matchborough First School Academy are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Matchborough First School Academy.

Details of the Trustees who served throughout the year, 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust'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 Trust, 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 Trust. The limit of this indemnity is £3,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 November 2013 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

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

- Up to 5 Parent Trustees
- Up to 1 Staff Trustees excluding the Headteacher
- Up to 2 Community Trustees
- The Headteacher

Trustees are appointed for a four year period, although 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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.

Organisational Structure

The Board of Trustees normally meets once each term. The Board 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 2 committees as follows;

- Resources 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 Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee as well as personnel and premises
- Curriculum and Ethos Committee - this meets 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.

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 School Improvement Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior leadership Team (SLT). The SLT comprises the Headteacher, 2 Deputy Headteachers, Foundation Stage Leader, Access and Inclusion Lead, Numeracy Lead and the Bursar. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Headteacher, 2 Deputy Headteachers, Foundation stage leader, Access and Inclusion lead, Numeracy Lead and the Bursar. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher and Academy bursar 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.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Connected Organisations, including Related Party Relationships

The Academy is commissioned by LA to run a ten place language unit for children aged 4 – 9 and a pre-school language class of 9 full time equivalent for children aged 3 and 4.

There are no related parties which either control or significantly influence the decisions and operations of MFSA. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

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 between the ages of 3 – 9.

The aims of the Academy during the period ended 31 August 2016 for each child are:-

- To inspire learners to be enthusiastic and creative thinkers
- To motivate learners to become confident, sociable and independent lifelong learners
- To nurture an understanding of respect, responsibility and self-worth
- To prove our young people with positive opportunities to develop a sense of community

Furthermore, we aim to provide:

- A safe, supportive, welcoming and accessible environment
- A challenging, dynamic and inclusive environment
- A well-resourced organised and enabling environment which allows everyone to think and be creative
- An environment which provides a range of exciting learning opportunities

As a Business we aim to:

- Continue to raise the standard of educational attainment and achievement of all pupils.
- Provide a broad and balanced curriculum, including extra-curricular activities.
- Develop children as more effective learners.
- Develop the Academy site so that it enables Children to achieve their full potential.
- Ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- Maximise the number of children who achieve their age expected levels in English, Maths and other curriculum areas
- Improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- Provide value for money for the funds expended..
- Develop greater coherence, clarity and effectiveness in school systems.
- Comply with all appropriate statutory and curriculum requirements.
- Develop the Academy's capacity to manage change, and
- Conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Matchborough First School Academy we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which all children, staff and parents should be part of; in this happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy School Improvement Plan which is available from the Academy Office. Improvement focuses identified for this year include:

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

			ACTIONS
RAISING PUPIL ATTAINMENT AND ACHIEVEMENT		To raise attainment of all pupils	To further develop a new system for assessing Pupil Progress in English and Maths
QUALITY OF TEACHING AND LEARNING		To continue to improve the quality of both teaching and learning	To improve learning and teaching through developing a clear understanding of the new expectations for outstanding teaching
BEHAVIOUR AND SAFETY		To promote good behaviour and safety	To promote responsibility and respect and develop further pupils improving attitudes to learning
CURRICULUM DEVELOPMENT		To continue to offer a broad and balanced curriculum based on the school's ethos of "Aim High and Smile" ☺	To continue to monitor and review the input of the new National Curriculum <ul style="list-style-type: none"> • Long term plan • History is mapped
LEADERSHIP AND MANAGEMENT		To continue to develop the quality of leadership and management across the school	To further grow leadership from within <ul style="list-style-type: none"> • Focus on CPD for Early Years Leader • NPQML - Programme for Numeracy Co-ordinator
LEARNING ENVIRONMENT AND PHYSICAL ENVIRONMENT		To further improve the use of outside grounds and building to improve the learning environment in line with available budgets	To provide appropriate learning spaces to meet the needs of the children.

Key activities and targets were identified in the Academy Improvement Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- Review of numeracy, literacy and ICT capability.
- Review of staffing levels in the light of budgetary pressure.
- Further development of the intranet to support administration and communication.
- Development and embedding of key financial and administrative procedures arising from conversion.
- Continued development of systems for tracking and monitoring pupil attainment.
- Range of activities to promote community adhesion and support of other charities activities.

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 Commissioner'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.

The Academy aims to advance for the public benefit, education in Matchborough and the surrounding area. The Academy has supported the community through shared use of its facilities such as Rainbows, Family Support Worker events, Dance School and holding the local PACT meetings.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

STRATEGIC REPORT

Achievements and Performance

The Academy is in its third year of operation and the total number of children in the year ended 31 August 2016 was 386. The Academy is full in four year groups and has a waiting list in operation.

As a result of our popularity, an increase in the pupil admission number (PAN) was implemented in September 2014 to increase our PAN from 60 to 90.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations and learning walks, which are undertaken by the Senior Leadership Team.

The Academy was inspected by OFSTED in 2011 and was judged to be good, however in April 2014 we received an interim assessment to say that we would not be inspected before the summer term of 2015 following a review of our data.

School Name	No of Pupils	Achieving Expected Standard					Working at Greater Depth			
		Reading %	Writing %	Maths	RWM	Science	Reading	Writing	Maths	RWM
Matchborough First School Academy	61	46%	41%	36%	28%	54%	33%	7%	3%	3%

Y1 Phonics Check June 2016 - Y1 - (77 children)

Class	% Reaching Pass Mark (32)	% Boys Reaching Pass Mark (32)	% Girls Reaching Pass Mark (32)	% Absent / Disapplied	% Ever 6 children reaching Pass mark
Total (inc LU)	80.5	82.1	78.9	0	76.2
Total(excl LU)	85.9	83.3	85.7	0	84.9
LA Fig	80.9				
Emerging National Fig	80.6				

% EAL Children reaching Pass Mark - 85.7 % SEN Children reaching Pass Mark - 25

The Academy has established close links with the other First Schools in our pyramid and across Redditch. We have also formed an alliance with Tenacres First School and Moons Moat First School called MTM Alliance, we achieved the ECO Flag Award and Leading Parent Partnership Award for the third time.

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.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

During the year ended 31 August 2016, total expenditure of £1,725,785 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,868,453. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £142,668.

At 31 August 2016 the net book value of fixed assets was £3,211,832 and movements in tangible fixed assets are shown in note 13 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 22 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.

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 £160,000. 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 or a fall in pupil numbers. Total free reserves of the academy amount to £640,299.

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, or direct impact on the free reserves of the academy Trust.

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 EFA. In the last year 97% 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.

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 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 22 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 other schools to improve the educational opportunities for students in the wider community.

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

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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

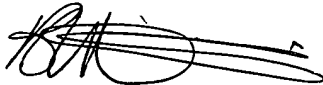
AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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 29/11/16 and signed on the board's behalf by:



Bryonie Williams
Trustee

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Matchborough First School 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 Trustees 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 Matchborough First School Academy 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Tracy Arlott	4	5
Helen Baylis	4	5
Sandra Checketts	0	2
Elizah Barnes	2	5
Matthew Clarke	5	5
Jackie Harris, Head Teacher	5	5
Leanne Sankey	5	5
Mark Stoneman	5	5
Jayne Woodward	1	5
Hayley Young	5	5
Bryonie Williams	3	5

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Tracy Arlott	5	5
Jackie Harris	5	5
Mark Gladwin	5	5
Bryonie Williams	3	5
Hayley Young	5	5

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by value for money purchasing, using staff effectively and controlled budget management.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Matchborough First School Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 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 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 Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' 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.

On a termly basis, the auditors report to the Board of Trustees' on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

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 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 General Purposes 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 29 November 2016 and signed on their behalf, by:



Bryonie Williams
Trustee



Jackie Harris
Accounting Officer

**MATCHBOROUGH FIRST SCHOOL ACADEMY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Matchborough First School Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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.

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


Jackie Harris
Accounting Officer

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

The Trustees (who act as governors of Matchborough First School Academy 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 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 2015 to 2016;
- 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 the EFA/DfE have been applied for the purposes intended.

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

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



Bryonie Williams
Trustee

Date: 29/11/16

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF MATCHBOROUGH FIRST SCHOOL ACADEMY**

We have audited the financial statements of Matchborough First School Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF MATCHBOROUGH FIRST SCHOOL ACADEMY**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: 9th December 2016

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
MATCHBOROUGH FIRST SCHOOL ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Matchborough First School Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Matchborough First School Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Matchborough First School Academy and EFA 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 Matchborough First School Academy and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF MATCHBOROUGH FIRST SCHOOL ACADEMY'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Matchborough First School Academy's funding agreement with the Secretary of State for Education dated 1 November 2013, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
MATCHBOROUGH FIRST SCHOOL ACADEMY AND THE EDUCATION 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date:

9th December 2016.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	-	14,015	14,015	9,878
Charitable activities	3	237,575	1,584,823	-	1,822,398	1,661,970
Other trading activities	4	31,248	-	-	31,248	35,213
Investments	5	792	-	-	792	657
TOTAL INCOME		269,615	1,584,823	14,015	1,868,453	1,707,718
EXPENDITURE ON:						
Charitable activities		15,282	1,620,124	90,379	1,725,785	1,615,137
TOTAL EXPENDITURE	8	15,282	1,620,124	90,379	1,725,785	1,615,137
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	254,333 (143,620)	(35,301) (65,504)	(76,364) 209,124	142,668 -	92,581 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		110,713	(100,805)	132,760	142,668	92,581
Actuarial losses on defined benefit pension schemes	22	-	(257,000)	-	(257,000)	(18,000)
NET MOVEMENT IN FUNDS		110,713	(357,805)	132,760	(114,332)	74,581
RECONCILIATION OF FUNDS:						
Total funds brought forward		529,586	(364,195)	3,079,072	3,244,463	3,169,882
TOTAL FUNDS CARRIED FORWARD		640,299	(722,000)	3,211,832	3,130,131	3,244,463

The notes on pages 22 to 40 form part of these financial statements.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08741704

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		3,211,832		3,079,072
CURRENT ASSETS					
Debtors	14	109,362		117,784	
Cash at bank and in hand		757,875		698,711	
		<u>867,237</u>		<u>816,495</u>	
CREDITORS: amounts falling due within one year	15	(186,230)		(203,104)	
NET CURRENT ASSETS			681,007		613,391
TOTAL ASSETS LESS CURRENT LIABILITIES			3,892,839		3,692,463
CREDITORS: amounts falling due after more than one year	16		(40,708)		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,852,131		3,692,463
Defined benefit pension scheme liability	22	(722,000)		(448,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,130,131		3,244,463
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	17	-		83,805	
Fixed asset funds	17	3,211,832		3,079,072	
Restricted income funds excluding pension liability		3,211,832		3,162,877	
Pension reserve		(722,000)		(448,000)	
Total restricted income funds			2,489,832		2,714,877
Unrestricted income funds	17		640,299		529,586
TOTAL FUNDS			3,130,131		3,244,463

The financial statements were approved by the trustees, and authorised for issue, on 29/11/16 and are signed on their behalf, by:



Bryonie Williams
Trustee

The notes on pages 22 to 40 form part of these financial statements.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	273,696	157,902
Cash flows from investing activities:			
Interest received		792	657
Purchase of tangible fixed assets		(223,139)	(35,937)
Capital grants from DfE/EFA		7,815	7,758
Net cash used in investing activities		(214,532)	(27,522)
Change in cash and cash equivalents in the year		59,164	130,380
Cash and cash equivalents brought forward		698,711	568,331
Cash and cash equivalents carried forward	20	757,875	698,711

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Matchborough First School Academy constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

1.2 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 funders.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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.

Donations are recognised on a receivable basis where there is certainty of receipt 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 raising funds 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.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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.

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.

On conversion the academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Leasehold land	-	over length of lease - 125 years

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 OPERATING LEASES

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

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

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

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 TAXATION

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

1.14 PENSIONS

Retirement benefits to employees of the Academy 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.

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 22, 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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

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

1.15 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust 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.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	-	6,200	6,200	2,120
Capital Grants	-	-	7,815	7,815	7,758
	<u>-</u>	<u>-</u>	<u>14,015</u>	<u>14,015</u>	<u>9,878</u>

In 2015, of the total income from donations and capital grants, £2,120 was unrestricted and £7,758 was in relation to the restricted fixed asset fund.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Education	2,695	1,584,823	1,587,518	1,548,449
Nursery	234,880	-	234,880	113,521
	<u>237,575</u>	<u>1,584,823</u>	<u>1,822,398</u>	<u>1,661,970</u>

In 2015, of the total income from charitable activities, £116,237 was unrestricted and £1,545,733 was restricted.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	1,263,068	1,263,068	1,117,190
Other DfE/EFA grants	-	211,145	211,145	206,045
	-	1,474,213	1,474,213	1,323,235
Other government grants				
High Needs	-	110,043	110,043	202,933
Other Government grants non capital	-	-	-	13,930
	-	110,043	110,043	216,863
Other funding				
Internal catering income	2,695	-	2,695	2,393
Other	-	567	567	5,958
	2,695	567	3,262	8,351
	2,695	1,584,823	1,587,518	1,548,449

In 2015, of the total income from educational charitable activities, £2,716 was unrestricted and £1,545,733 was restricted.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	1,098	-	1,098	1,965
Fees received	4,828	-	4,828	886
Other	9,877	-	9,877	5,015
Catering profit share	15,445	-	15,445	27,347
	31,248	-	31,248	35,213

In 2015, the total income from other trading activities of £35,213 was unrestricted.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	792	-	792	657

In 2015, the total investment income of £657 was unrestricted.

6. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	11,000	10,520
Educational supplies	50,102	58,255
Other costs	2,506	2,747
Supply teachers	41,899	18,646
Wages and salaries	649,709	558,678
National insurance	51,719	41,219
Pension cost	104,014	79,447
Depreciation	72,469	74,295
	983,418	843,807

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	6,000	4,480
Other costs	75,586	69,799
Maintenance of premises and equipment	(286)	21,489
Cleaning	7,100	6,786
Rent and rates	10,169	9,327
Energy costs	12,300	15,774
Insurance	11,899	40,005
Security and transport	11,374	12,688
Catering	104,402	92,829
Technology costs	4,082	1,308
Office overheads	40,188	31,619
Governance	8,705	8,695
Wages and salaries	359,935	365,770
National insurance	14,523	15,266
Pension cost	58,480	63,857
Depreciation	17,910	11,638
	742,367	771,330

MATCHBOROUGH FIRST SCHOOL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	805,442	72,469	105,507	983,418	841,807
Support costs	432,938	40,657	268,772	742,367	762,960
	<u>1,238,380</u>	<u>113,126</u>	<u>374,279</u>	<u>1,725,785</u>	<u>1,604,767</u>

In 2015, of the total expenditure, £83,947 was unrestricted, £1,443,257 was restricted and £85,933 was in relation to the restricted fixed asset fund.

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	90,379	85,933
Auditors' remuneration - audit	6,525	6,525
Auditors' remuneration - other services	1,275	1,275
Operating lease rentals	4,200	6,452
	<u> </u>	<u> </u>

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10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	967,745	906,002
Social security costs	66,242	56,530
Operating costs of defined benefit pension schemes	162,494	143,304
	<u>1,196,481</u>	<u>1,105,836</u>
Supply teacher costs	41,899	18,446
	<u>1,238,380</u>	<u>1,124,282</u>

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

	2016 No.	As restated 2015 No.
Teachers	21	17
Support staff	32	33
Management	1	1
	<u>54</u>	<u>51</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as 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 was £297,729 (2015: £275,824).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

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11. 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: J Harris: Remuneration £65,000 - £70,000 (2015: £65,000 - £70,000), Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000), J Woodward: Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000), Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000), E Barnes: Remuneration £25,000 - £30,000 (2015: £NIL - £5,000), Employer's pension contributions £NIL - £5,000 (£NIL - £5,000).

During the year retirement benefits were accruing to 3 trustees (2015: 4) in respect of defined benefit pension schemes.

During the year, no trustees received any benefits in kind (2015: £NIL).

During the year, no trustees received any reimbursement of expenses (2015: £NIL).

Other related party transactions involving the trustees are set out in note 26.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,449 (2015: £1,470).

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	3,100,134	82,216	40,327	3,222,677
Additions	216,939	6,200	-	223,139
At 31 August 2016	3,317,073	88,416	40,327	3,445,816
DEPRECIATION				
At 1 September 2015	104,025	17,815	21,765	143,605
Charge for the year	59,801	17,270	13,308	90,379
At 31 August 2016	163,826	35,085	35,073	233,984
NET BOOK VALUE				
At 31 August 2016	3,153,247	53,331	5,254	3,211,832
At 31 August 2015	2,996,109	64,401	18,562	3,079,072

MATCHBOROUGH FIRST SCHOOL ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

14. DEBTORS

	2016 £	2015 £
Trade debtors	737	737
VAT recoverable	58,906	64,364
Other debtors	-	17,435
Prepayments and accrued income	49,719	35,248
	<u>109,362</u>	<u>117,784</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	1,654	29,724
Other taxation and social security	19,647	15,258
Other creditors	36,605	17,023
Accruals and deferred income	128,324	141,099
	<u>186,230</u>	<u>203,104</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	36,581	32,601
Resources deferred during the year	39,513	36,581
Amounts released from previous years	(36,581)	(32,601)
Deferred income at 31 August 2016	<u>39,513</u>	<u>36,581</u>

At the balance sheet date the Academy was holding funds received in advance for income from the EFA in respect of Free School Meals.

16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Accruals and deferred income	<u>40,708</u>	<u>-</u>

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

	2016 £	2015 £
Repayable by instalments	<u>13,336</u>	<u>-</u>

Creditors due after more than one year are in respect of solar panel repayments, which are being repaid over 5 years commencing in October 2016.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	529,586	269,615	(15,282)	(143,620)	-	640,299
RESTRICTED FUNDS						
General Annual Grant (GAG)	83,805	1,263,635	(1,281,936)	(65,504)	-	-
Universal infant free school meals	-	67,735	(67,735)	-	-	-
High needs funding	-	110,043	(110,043)	-	-	-
Pupil premium	-	143,410	(143,410)	-	-	-
Pension reserve	(448,000)	-	(17,000)	-	(257,000)	(722,000)
	(364,195)	1,584,823	(1,620,124)	(65,504)	(257,000)	(722,000)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	2,792,969	-	(68,420)	-	-	2,724,549
Fixed assets purchased from GAG and other restricted funds	122,082	-	(14,010)	209,124	-	317,196
DfE/EFA Capital grants	18,859	7,815	(4,160)	-	-	22,514
Donation from the LA	145,162	6,200	(3,789)	-	-	147,573
	3,079,072	14,015	(90,379)	209,124	-	3,211,832
Total restricted funds	2,714,877	1,598,838	(1,710,503)	143,620	(257,000)	2,489,832
Total of funds	3,244,463	1,868,453	(1,725,785)	-	(257,000)	3,130,131

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

RESTRICTED FUND

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

Universal Infant Free School Meals (UIFSM) - Funding for pupils in reception, year 1 and year 2 to be offered a free school meal.

High Needs Funding - funding received from to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free

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17. STATEMENT OF FUNDS (continued)

school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Other restricted funds - represents other income received with restrictions.

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. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

FIXED ASSET FUND

Fixed assets transferred on conversion - this represents the buildings and equipments donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents fixed assets which were funded from general GAG funding. Resources expended represents depreciation charged on these assets for the period ended 31 August 2015.

DfE/EFA grants - these funds were received for direct expenditure on fixed asset projects. The balance at the period end represents the NBV of assets and any unspent grant amounts.

Donation from the LA - this represents funding received from the local authority for the purchase of fixed 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 2016.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	3,211,832	3,211,832	3,079,072
Current assets	640,299	226,938	-	867,237	816,495
Creditors due within one year	-	(186,230)	-	(186,230)	(203,104)
Creditors due in more than one year	-	(40,708)	-	(40,708)	-
Pension scheme liability	-	(722,000)	-	(722,000)	(448,000)
	<u>640,299</u>	<u>(722,000)</u>	<u>3,211,832</u>	<u>3,130,131</u>	<u>3,244,463</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	142,668	92,581
Adjustment for:		
Depreciation charges	90,379	85,933
Interest received	(792)	(657)
Decrease/(increase) in debtors	8,422	(30,594)
Increase in creditors	23,834	4,397
Capital grants from DfE and other capital income	(7,815)	(7,758)
Defined benefit pension scheme cost less contributions payable	-	(1,000)
Defined benefit pension scheme finance cost	17,000	15,000
Net cash provided by operating activities	273,696	157,902

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	757,875	698,711
Total	757,875	698,711

21. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	16,878

22. 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.

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

Contributions amounting to £16,980 were payable to the schemes at 31 August 2016 (2015: £14,942) 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

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

they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £104,014 (2015: £79,815).

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 year ended 31 August 2016 was £72,000 (2015: £39,119), of which employer's contributions totalled £58,000 (2015: £25,438) and employees' contributions totalled £14,000 (2015: £13,861). The agreed contribution rates for future years are 16% for employers and 5.6% 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.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries,	3.40 %	3.80 %
Rate of increase for pensions in payment / inflation	2.00 %	2.30 %
Inflation assumption (CPI)	1.90 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.5	23.4
Females	25.9	25.8
Retiring in 20 years		
Males	25.8	25.6
Females	28.2	28.1

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	193,000	112,000
Debt instruments	15,000	8,000
Property	10,000	-
Cash	5,000	4,000
Other	8,000	1,000
Total market value of assets	<u>231,000</u>	<u>125,000</u>

The actual return on scheme assets was £32,000 (2015: £NIL).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(58,000)	(56,000)
Net interest cost	(17,000)	(15,000)
Total	<u>(75,000)</u>	<u>(71,000)</u>

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	573,000	471,000
Current service cost	58,000	56,000
Interest cost	22,000	18,000
Contributions by employees	14,000	14,000
Actuarial losses	283,000	14,000
Benefits paid	3,000	-
	<u>953,000</u>	<u>573,000</u>
Closing defined benefit obligation		

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

	2016 £	2015 £
Opening fair value of scheme assets	125,000	55,000
Interest income	6,000	4,000
Actuarial gains and (losses)	26,000	(4,000)
Contributions by employer	58,000	57,000
Contributions by employees	14,000	14,000
Benefits paid	3,000	-
Administration expenses	(1,000)	(1,000)
	<u>231,000</u>	<u>125,000</u>
Closing fair value of scheme assets		

23. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	2,104	2,251
Between 1 and 5 years	2,096	4,200
	<u>4,200</u>	<u>6,451</u>
Total		

24. 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 £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

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25. GENERAL INFORMATION

Matchborough First School is a company limited by guarantee, incorporated in England and Wales. The registered office is Matchborough Way, Matchborough East, Redditch, Worcestershire, B98 0GD.

26. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account (2015: £NIL).

27. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		3,169,882	3,244,463
Total funds reported under FRS 102		<u>3,169,882</u>	<u>3,244,463</u>

Reconciliation of net income	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		94,581
Change in recognition of LGPS interest cost	A	(2,000)
Net movement in funds reported under FRS 102		<u>92,581</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £2,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.